NABISCO, INC.

1980 Annual Report–
Focus on Marketing

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Notice of Annual Meeting

The Annual Meeting of Shareholders will be held at 10:30 a.m. on Monday, April 27, 1981 in the Grand Ballroom of the Houston Oaks Hotel, 5011 Westheimer (at the Galleria), Houston, Texas.

Dividend Reinvestment

During the year, participants in the Company's Automatic Dividend Reinvestment Plan increased and now account for more than 10 percent of shareholders. We look forward to more of our shareholders choosing this easy, inexpensive way to increase their investment in Nabisco common stock.

Cover:

One important way Nabisco markets its products is through television advertising. In a Hollywood studio, a television commercial is filmed featuring Shirley Jones as spokesperson for *Triscuit* Wafers.

UNIVERSITY OF STRATHCLYDE
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Financial Highlights

(In millions except per share data)	1980	1979	% Change
Net Sales	**$2,568.7**	$2,362.0	8.7
Net Income	**127.8**	99.8	28.1
Per Share Data			
Net Income	**3.96**(1)	3.10(2)	27.7
Dividends Declared	**1.665**	1.53	8.8
Shareholders' Equity	**20.82**	18.52	12.4
Average Shares Outstanding	**32.27**	32.22	.2
Working Capital	**396.6**	364.3	8.9
Current Ratio	**2.05:1**	2.09:1	
Capital Expenditures	**105.3**	74.2	41.9
Total Assets	**1,423.2**	1,296.7	9.8
Return on Average Shareholders' Equity	**20.1%**	17.5%	

(1) Includes a nonrecurring charge of $2.9 million or $.09 per share from a writedown of substantially all of the remaining receivable due from the sale of a toy subsidiary. Excluding this charge per share earnings were $4.05

(2) Includes a nonrecurring charge of $9.0 million or $.28 per share from the sale of an overseas subsidiary. Excluding this charge per share earnings were $3.38.







A worldwide consumer products company, Nabisco, Inc. is primarily known as a manufacturer of quality cookies, crackers and snack products. Well-known brand names include *Premium* Saltines, *Ritz* Crackers, new *Wheatsworth* Stone Ground Wheat Crackers, *Oreo* Cookies, *Chips Ahoy!* Cookies, *Dromedary* Dates and Pimientos, *Nabisco* Shredded Wheat and *Cream of Wheat* Cereals. The Company is also known for confectionery products such as *Chuckles* and *Junior* Mints and pet foods under the *Milk-Bone* label.

Nabisco also produces food products in worldwide markets keyed to international tastes and local market requirements. Europe, Canada, Japan, Australia and Latin America represent major markets for the Company.

Nonfood items include such popular toiletry and pharmaceutical products as *Aqua Velva, Geritol* and *Sominex*. Household accessories, such as *Hygiene* shower curtains and *Everlon* knitted curtains and draperies, are also produced.

The Company ranks among the nation's 150 largest industrial companies and markets its consumer products in more than 100 countries. Nabisco employs approximately 37,000 people at some 80 major plants and facilities around the world.

To Nabisco Shareholders:

We are pleased to report that Nabisco enjoyed an excellent year in 1980. Led by U.S. and international food operations, Nabisco achieved outstanding operating gains which resulted in new highs in sales and earnings. We expect that 1981 will be another successful year for our Company.

1980 Results

Sales in 1980 reached $2.57 billion, an increase of 9% over 1979. Net income for the year amounted to $128 million, or $3.96 per share after a nonrecurring charge of $.09 per share. This compares with net income of $100 million in 1979, or $3.10 per share after a nonrecurring charge of $.28 per share. Adjusted for nonrecurring items in both years, earnings increased 20%. Our balance sheet demonstrates a strong financial condition, and return on shareholders' equity exceeded 20% for 1980.

Dividend Increase

Our policy continues to be the payout of between 40% and 50% of earnings in dividends. In October the Board of Directors increased the dividend to be paid to shareholders to the current indicated annual rate of $1.80 per share, an increase of 11%. Nabisco has increased its dividend six times during the past five years.

A Focus on Marketing

The 1980s will be a period in which Nabisco's progress will be spurred by increased emphasis and investment in marketing.

The story of Nabisco products—from the early stages of consumer research to making our well-known brands available in marketplaces around the world—is what this, our 1980 Annual Report to Shareholders, recounts for you. We are proud to point out to you Nabisco's successes as an effective marketer of brand name products to a worldwide audience.

In 1980, media advertising expenditures exceeded $100 million. Other marketing outlays which include in-store advertising, coupons, trade samples and promotions brought our total marketing investment including advertising to about $250 million last year.

Food operations both in the United States and international markets have responded to Nabisco's dedication to creative marketing. We intend to market Nabisco's brand name products even more aggressively in the future.

Corporate Strategies

Management effort has been devoted to strategic planning and to positioning the Company for increasingly profitable growth. Nabisco is expanding its horizons and will be seeking both balance and diversity. We are well situated to take advantage of the opportunities that present themselves during the 1980s.

The year 1981 and beyond will be a period of further development for our present lines of business. We expect Nabisco's brand name products to continue to command a market share advantage in crackers and cookies.

The cookies, crackers, cereals, pet snacks and confectionery product lines offered by our U.S. food operations have a well-established reputation for both quality and value and will be expanded aggressively.

International food operations have scored major gains in recent years. We see these trends continuing, and we expect to participate fully in the tremendous growth opportunities offered in a worldwide marketplace. In addition to crackers and cookies, we will be extending our positions in snacks and cereals.

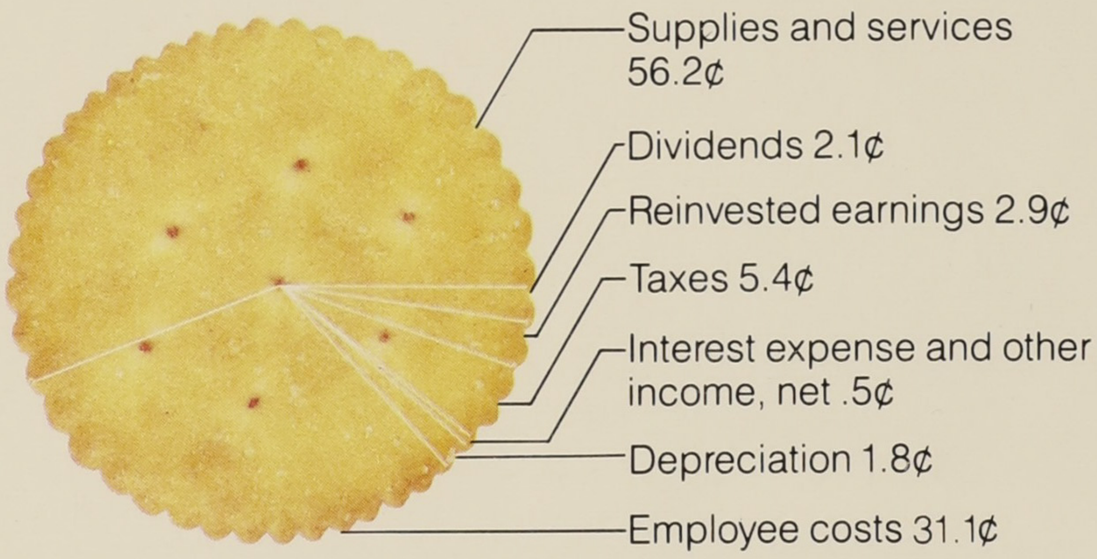
Last year, a line of Soft Cookies was launched successfully by our Christie Brown operation in Canada. A similar line of Old Fashioned Soft Snacks is now being introduced in the United States. *Wheatsworth* Stone Ground Wheat Crackers, developed after extensive research, achieved national distribution in 1980 and is the most successful new product introduction since *Ritz* Crackers.

We will add to our existing businesses by making compatible acquisitions such as the Fox-Cross Candy Company which was purchased in 1980 and became part of Nabisco Confections. We also added a peanut and snack line in Australia and a frozen pastry business in France during 1980.

Robert M. Schaeberle,
Chairman of the Board and Chief Executive Officer (right)
Val B. Diehl,
President and Chief Operating Officer (left)



Distribution of 1980 Sales Dollar



Productivity at Nabisco

For Nabisco, productivity is a very important issue and is receiving increased emphasis. We recently established a Corporate Productivity Department to coordinate our productivity efforts and to ensure that innovative and effective programs are activated throughout the Company. These programs make a substantial contribution to our operations and will partially offset ongoing inflationary cost pressures.

In the United States, we are working on major improvements in packaging equipment and in methods of handling the distribution of Biscuit Division products. In international markets, we see significant opportunities for expansion and further modernization of our production facilities. We have recently completed a new bakery in Venezuela to meet the growing demands of that market, and additional facilities are planned in Italy and Mexico. We are also expanding our snack capacity in France.

Capital expenditures rose significantly in 1980 to a record $105 million, and high levels of spending are planned for the coming years. This investment spending will be needed to meet both our growth goals and our productivity improvement objectives.

Industry Efforts in Improving Productivity

Nabisco is participating with the Food Marketing Institute, the Grocery Manufacturers of America and others in a project to improve the efficiency of business transactions among grocery manufacturers, distributors and brokers. The plan is to develop an industrywide computer-to-computer Uniform Communication System which will result in substantial savings in routine business transactions such as purchasing and invoicing grocery items. The benefits from the successful completion of this joint industry project will accrue to all elements of the industry and especially to the consumer.

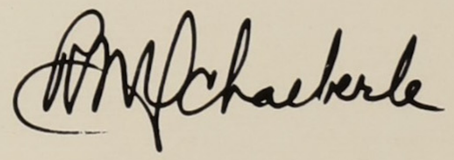
In Memoriam

We wish to honor the memory of Mr. Matthew B. Rosenhaus who died in August, 1980. He had been Vice Chairman of the Board of Directors of Nabisco, Inc. and Chairman and Chief Executive Officer of The J.B. Williams Company which became associated with Nabisco in 1971. Mr. Rosenhaus was an outstanding executive as well as an innovative marketer who also devoted much of his energy to philanthropic and educational endeavors. He will be missed by all of us at Nabisco and remembered as a wise business associate and a warm friend.

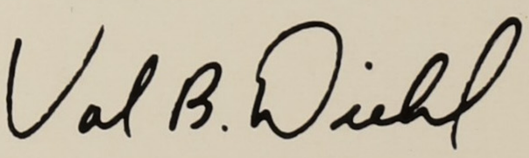
Confidence in the Future

The year 1980 was an excellent one for our Company, and we wish to thank all the people in our organization for their dedication, enthusiasm and achievements.

The world marketplace is challenging, but our position is strong, and there are opportunities to build upon our many strengths and reach out for new challenges. We look forward to 1981 and to future years with great confidence in Nabisco's continuing ability to grow and prosper.



Robert M. Schaeberle
Chairman and Chief Executive Officer



Val B. Diehl
President and Chief Operating Officer

January 26, 1981

Corporate Advertising Program

During the year, Nabisco introduced a corporate advertising campaign. Our research shows us that consumers have very positive reactions to and high regard for Nabisco products. Our objective was to translate this esteem into a consideration of Nabisco shares as an investment.

Featuring actual shareholders who are also consumers of Nabisco products, the advertising campaign calls the attention of potential investors to "Nabisco—Think of us when you're in the market." These photographs illustrate the campaign and also serve to introduce the theme of the 1980 Annual Report, "A Focus on Marketing."




UCA 60
Wheatsworth
STONE GROUND WHEAT CRACKERS
NABISCO

Consumer Research United States

Research underlies every new product concept. Through consumer research, Nabisco is able to accurately interpret consumer tastes for launching new products and keeping old favorites popular. One technique is the focus group discussion which is often used to obtain preliminary consumer reactions to new products and advertising concepts.



Wheatsworth **Stone Ground Wheat Crackers was one of the most carefully researched and positioned new products in Nabisco's history. Charles McMenamin, Senior Brand Manager, and Muriel Powlett, Manager of Consumer Research for Nabisco's billion dollar plus Biscuit Division, developed and guided the consumer research program which helped make** ***Wheatsworth*** **so popular.**

Review of 1980 Operations

U.S. Food

(In millions)	**1980**	1979	1978
Sales	**$1687.9**	$1548.2	$1412.1
Operating Income	**228.9**	212.3	193.7

Record sales and operating income were recorded in 1980 by U.S. food operations which showed particularly strong gains during the closing months of the year. We believe that further improvement will be shown during 1981.

Biscuit Division

Sales and operating profits for the Biscuit Division once again reached new highs in 1980. The division also improved share of market in both crackers and cookies.

A significant contributor to this performance was new *Wheatsworth* Stone Ground Wheat Crackers



which produced annual sales approaching $40 million. In its first year of national distribution, *Wheatsworth* has already moved into fifth place among all cracker brands purchased



by households in the United States. Two new snack crackers were also successfully introduced: *Snack Shapes*, a savory cracker in five unique shapes, and *Cheddar Triangles*, a distinctively different cheese cracker. Nabisco's chocolate-covered cookie line was given an attractive new look with a unifying packaging design. This new approach enabled Nabisco to significantly increase its share of market in this category. The world's top selling cookie, *Oreo*, again set a sales record and also improved share of market.

Old Fashioned Soft Snacks, a wholesome snack with a fruit filling, has been introduced into test market in the Northeast.

A new Nabisco advertising personality was introduced to the public in 1980. Shirley Jones, who is featured on the cover of this Annual Report, has proven to be both effective and popular as a spokesperson for *Triscuit* Wafers.

The Biscuit Division's sales results testify to the sound marketing techniques employed. During the year, *Premium* Saltines, *Oreo* Creme Sandwich Cookies and our snack cracker line found good success in joint consumer promotions with other leading food manufacturers. Each of these strong merchandising programs proved effective since crackers and cookies are so complementary to many other foods and beverages.

A major effort is well underway in the automation of the Biscuit Division's distribution system both at the distribution center locations as well as throughout the sales branch network. Substantial cost savings will be realized on the completion of this and other related programs. These actions, along with a continuing strong emphasis on marketing and sales programs, should assure excellent future results.

Special Products Division

1980 marked the ninth consecutive year in which the Special Products Division recorded new highs in both sales and operating profits. Products such as ready-to-eat cereals, hot cereals, dog snacks, dates, pimientos and cake mixes with well-known brand names are made and sold by our Special Products Division. The division plans a major modernization of its production facilities which will



take place over the next several years. This program is already underway at the *Cream of Wheat* Hot Cereal facility as well as in *Nabisco* Shredded Wheat plants. During 1980, highly competitive conditions caused some dislocations in the ready-to-eat cereal market, but we have strengthened our marketing emphasis with a new approach to our Shredded Wheat products. The same kind of emphasis is also being given the *Cream of Wheat* Cereal line. The test marketing of *Morning Power,* a new hot cereal with oats and cracked wheat, is being continued in new areas of the country.

The Special Products Division developed new strategies for the *Milk-Bone* line of pet snacks during 1980 which were particularly effective as we closed the year. Additional products have been developed and will be introduced into the *Milk-Bone* line in the near future.

The *Blue Mountain* line of pet food products marketed in the Pacific Northwest showed good gains in sales and operating income during 1980. New products have been marketed more aggressively, resulting in an increase in market share for this regional producer of pet foods. Reception of the *Natural Style* line of all natural foods for both dogs and cats has been particularly strong.

Food Services Division

Nabisco's Food Services Division recorded higher sales but slightly lower operating income in 1980 due to soft market conditions in the vending business. However, the division continued to build good industry relationships and in 1980 expanded its penetration in the health care and hotel markets. Part of the strategy has been to expand in the dessert market, and its first effort, a mousse product, has been quite successful. Additional dessert products are planned for the future.

About 60% of all vending equipment is placed in industrial locations. These manufacturing plants were adversely affected by recessionary forces during 1980, making it a very difficult year for everyone in the vending industry. An improved operating environment is anticipated in 1981.



Chuckles

Freezer Queen Foods

1980 was a year of competitive pricing and new product activity in the frozen food industry. Under these conditions, Freezer Queen Foods recorded lower sales and operating results. Major frozen food processors changed ownership during the year, and recently somewhat more stable pricing conditions have been seen.

Nabisco Confections

For the third year in a row, Nabisco Confections produced records in both sales and operating profits. New marketing efforts behind the popular *Chuckles* products during 1980 proved equally effective as those applied during the previous year to the fast growing *Junior* Mints line. Our Merckens chocolate operation, a producer of high-quality chocolate, had outstanding results as it became a prime supplier to the rapidly developing home candy making market. Merckens also supplies dutched cocoa used in *Oreo* Cookies and chocolate drops to Nabisco's Biscuit Division. In 1980, Nabisco Confections purchased the assets of the Fox-Cross Candy Company which makes the *Charleston Chew* Candy Bar line. This line will be expanded geographically during 1981.

Shredded Wheat



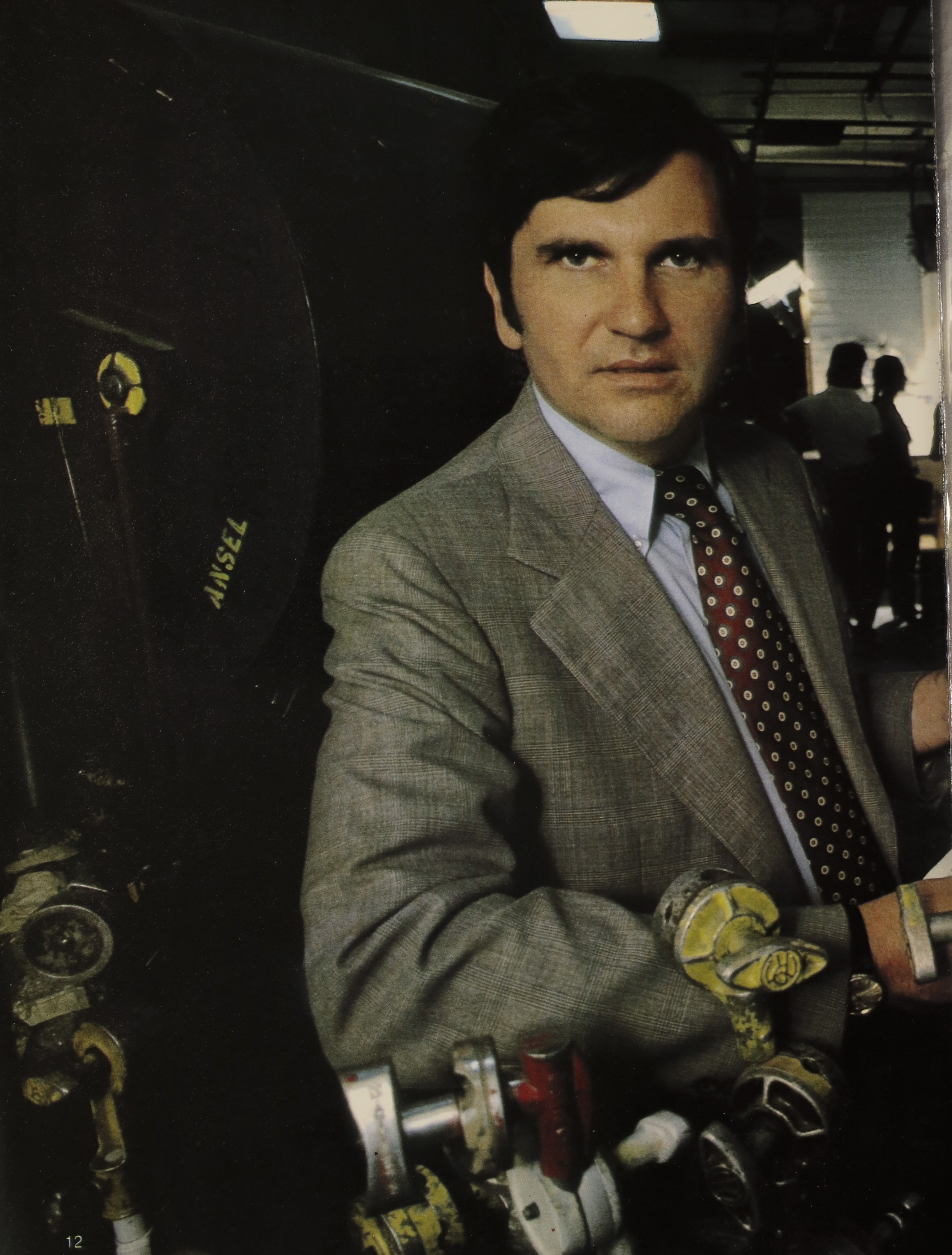

FREE FROM, Mom!
CHIPS AHOY!®
CHOCOLATE CHIP COOKIES
12-13 oz. BAGS
00550
PALLET PATTERN
THIS SIDE UP
NABISCO
Chips Ahoy!
Chips Ahoy!
Chips Ahoy!

Creative Merchandising United States

Massive eye-catching displays and special consumer promotions stimulate shoppers' interest and generate increased sales for Nabisco. Competitive merchandising techniques play a key role in our marketing and sales strategies.



Chips Ahoy! **Cookies teamed up with four other partners in August to offer consumers a $2.00 refund towards the purchase of "free fruit." Bill Miles, Sales Representative of Richmond, Virginia, built this massive waterfall display earning for himself the highest sales volume in his district for that month.**



Advertising United States

Nabisco's cookies, crackers, pet foods, snack foods, toiletries and pharmaceuticals and other products are advertised daily on television and radio, and in newspapers and magazines. As a result, our brands are household words, which contribute to our top market positions.



Company and advertising personnel invest hundreds of hours and thousands of dollars in creating and producing advertising for Nabisco products. Here in an actual film studio, the production of a *Milk-Bone* Brand Dog Biscuit commercial is supervised by George A. Erfurt, Director of Marketing for Special Products Division.

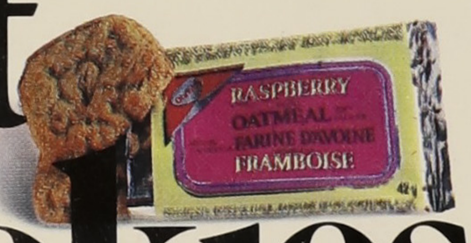
Review
(continued)

International Food

(In millions)	1980	1979	1978
Sales	**$651.7**	$597.0	$561.2
Operating Income	**50.1**	40.0	36.7

Nabisco's international food operations showed very strong gains in sales and operating income in 1980. We expect this momentum to continue in 1981.

Soft Cookies
(CANADA)



Europe

Our major markets in Europe–France, England and Italy–have led the way with successful new product introductions as well as with strong sales for existing products.

In 1980, our French company continued to increase its share of market in the biscuit area by aggressive new marketing programs coupled with its new product successes. Both *Petits Coeurs* Cookies, an outstanding new product, and *Pepito* Cookies, our leading brand, were important contributors to the good performance. Our company in France is substantially expanding capacity for *Chipsters,* an extruded potato snack which has been most successful. A major addition to the production facility is expected to be completed by spring of 1981. During the year we acquired the Moulin de Jacobert frozen food business in France which makes frozen pastries as well as other frozen food products.

In Italy, Nabisco turned in a good performance, with sweet goods especially strong. In order to meet market demand, the company in Italy substantially expanded capacity for sugar wafer production. During 1981, *Petits Coeurs* Cookies, very successful in France, will be introduced in Italy under the name *Dore.* An additional manufacturing facility is in the early planning stage.

Nabisco's business in England finished the year on a strong note despite a difficult economic environment in that country. Our company in England has undertaken a modernization program to improve productivity as well as to build major brands. Carefully researched, *Hovis Digestive* Crackers was launched early in 1980 and quickly became a very successful product in the important digestive category in England. *Ritz* Crackers showed renewed strength due to the new roll-wrap which features smaller packages and lower unit price to consumers. *Shreddies* ready-to-eat cereal

Chip Star
(JAPAN)



continues to build its position in the marketplace. Substantial marketing has built further consumer awareness of this product. Manufacturing capacity for *Shreddies* was increased by about 50% during the year.

Canada

Our operations in Canada showed outstanding sales and earnings growth during the year. These operations were able to increase an already significant market share in crackers and cookies, and gains were made in the cereal and pet

Premium
(ITALY)



food markets as well as the food service markets. *Wheatsworth* Stone Ground Wheat Crackers was successfully introduced as well as *Hovis* Crackers, a product originally developed by our company in England. Significant gains were also made in the cookie market with the introduction of a new line of fruit-filled soft cookies.

Australia/New Zealand

Our businesses in Australia and New Zealand showed very good sales and earnings gains in 1980. *Rum Slice* Cookies was the outstanding new product in Australia in 1980. In less than one year, *Rum Slice* has become the second most important product in our biscuit business and is our most successful new product introduced in that market. Nabisco is positioning itself in the snack business in Australia by rapidly expanding a nut company recently purchased there. Continued strong performance by our cereal business is attributable to our popular established brands such as *Vita Brits* and *Wheeties*, and to our line of all natural cereals where we are the market leader.

New Zealand experienced good results in its important confectionery business. *Minties* is one of the largest selling candies in New Zealand, and we are installing a new production line to meet growing market demand.

Rum Slice (AUSTRALIA)



Unconsolidated International Affiliates

(Venezuela-Mexico-Japan)

(In millions)	**1980**	1979	1978
Sales	**$215.1**	$201.1	$195.3
Net Income	**5.9**	4.1	7.8
Nabisco's Share of Net Income	**2.9**	2.0	3.9

Nabisco's unconsolidated international affiliates are comprised of operations in Venezuela, Mexico and Japan.

Venezuela is benefiting from a buoyant economy and a rapidly growing market for cookies and crackers. Sales and earnings showed excellent gains in 1980. Our new plant at Barquisimeto began production in mid-year, enabling us to more effectively meet consumer demand. While this facility almost doubled our manufacturing capability in that country, we will be increasing capacity to meet the demands of the marketplace. Our brands such as *Club Social* Crackers and *Oreo* Cookies are strong, and we are the leading biscuit company in that country.

Mexico is a good market for Nabisco products. However, operating results in 1980 were lower than the prior year primarily due to the unavailability of packaging materials. This caused production problems which adversely affected our ability to meet consumer demand. An improvement is expected in 1981.

Our joint-venture in Japan regained its former momentum and showed excellent gains as the 1980 year closed. *Corn Diggers*,



(U.K.) **Shreddies**

a new snack product, has been extremely successful and reinforced our position in the snack area. The Japanese company has also had good success in the sweet goods area notably with the new *Monaco*, a shortcake with a jelly center. Our major sweet goods varieties and *Ritz* Crackers have experienced a resurgence in demand due to very aggressive marketing programs undertaken in 1980.

New Production Facilities Venezuela

Effective marketing generates increased sales and the demand for more products. Priority must be given to the planning of production resources to meet current and future needs. Strong emphasis at Nabisco La Favorita is placed on the company's production capacity.



In Venezuela, President Henrique Capriles (left) and General Manager Stanley Heath (right) provide leadership to a dynamic management team at Nabisco La Favorita.


FARINOGRAPH
BRABENDER

New Product Development France

The key to success in new product development is being sensitive to consumer trends and nutritional needs. Nabisco's careful product development efforts have led to long lasting consumer favorites.



***Petits Coeurs* Cookies, a pastry-like sweet biscuit, has been selected by the French grocery trade as the most successful new biscuit product launched in 1980. Roger Dallemagne, Director General for Biscuits Belin, is responsible for overall new product development and manufacturing operations. He has played a key role in Biscuits Belin's continuing marketing successes.**

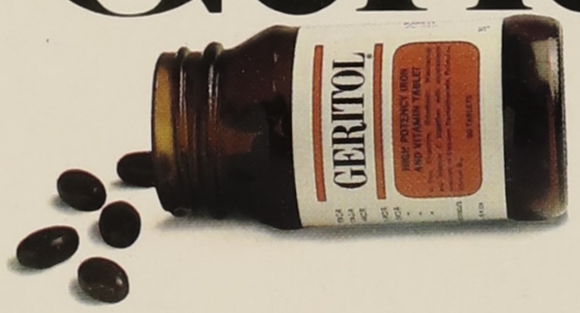
Toiletries and Pharmaceuticals

(In millions)	**1980**	1979	1978
Sales	**$154.2**	$149.3	$162.9
Operating Income	**1.5**	.6	10.8

1980 sales and operating profits in the toiletries and pharmaceuticals operation showed moderate improvement over the preceding year's levels. The Company views 1980 as a transitional period for its toiletries and pharmaceuticals operation, with a more substantial recovery expected in 1981.

Robert D. Glover was elected President and Chief Operating Officer of The J. B. Williams Company, Inc. subsequent to the untimely death of Mr. Matthew B. Rosenhaus. Mr. Glover had been Executive Vice President and Chief Operating Officer of this Nabisco operation.

Geritol



During the year, the company realigned its management team to deal more effectively with the acute competition in toiletries and pharmaceuticals markets.

Aqua Velva



In spite of the highly competitive nature of this marketplace, brands such as *Aqua Velva* after shave lotion, *'Lectric Shave* preshave lotion, *Geritol* vitamin and iron formula, *Sominex* aid to sleep and *Ace* hard rubber combs continue to rank among the leaders in their respective product categories. During 1980, an improved and reformulated *Rose Milk* Skin Care Cream was introduced in the regular and all-family fragrance presentations. Initial response from the trade and consumers to the new *Rose Milk* line has been favorable.

International sales and operating income continue to grow. The important markets, France and Spain, showed record sales and operating profits. The French and Spanish operations maintained their leadership positions in the men's toiletries markets. Canada similarly enjoys brand leadership in selected pharmaceuticals and toiletries products.

Lectric Shave



Household Accessories

(In millions)	**1980**	1979	1978
Sales	**$74.9**	$67.5	$61.1
Operating Income	**7.0**	9.7	9.6

Sales showed a modest increase, but operating income declined for the household accessories operation. This reflected the difficult economic conditions evident in the home furnishings industry in general and in particular our product categories of draperies, curtains and shower curtains. The economic problems of 1980 with high interest rates and housing prices have led to a significant decrease in the number of housing starts and resales. This has caused additional pressure on buying intentions of our normal replacement market.

Landers & Cia, based in Colombia, South America distributes its products in many South American countries and Central America. The food grinders and pressure cookers marketed under the *Corona* and *Universal* trademarks registered significantly improved results with increases in excess of 30% in both sales and operating profits in 1980. A capital improvement program will be completed during 1981 to modernize Landers' manufacturing process. The company is presently exploring other alternatives to increase its production capacity.

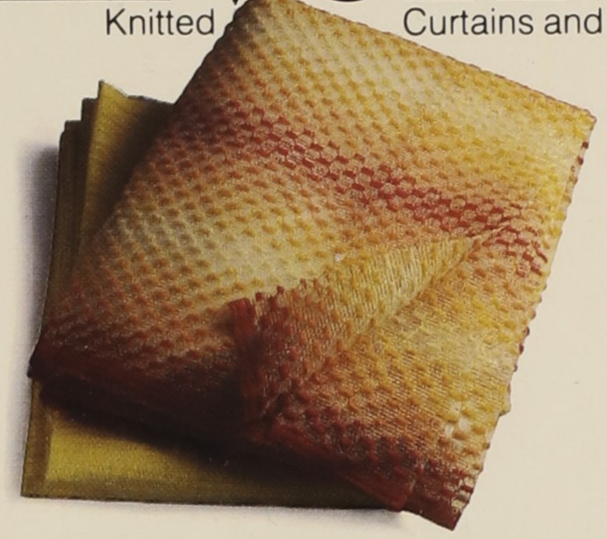
Hygiene

Shower Curtains



Everlon

Knitted Curtains and Draperies



Management Changes

Strategic planning applies to people as well as to operations. Nabisco continues to build a strong base of management talent, always striving to recognize and develop the leadership potential of employees.

During 1980 the Company was strengthened by the following promotions:

C. Richard Owens, Senior Vice President and Chief Financial Officer, and James O. Welch, Jr., Group Vice President, joined the Office of the Chairman.

Robert L. Sanford, a Senior Vice President was appointed President of the International Division.

John B. McGovern, a Vice President, was elected a Senior Vice President with responsibility for the personnel and public affairs functions of the Company.

Harrison M. Bains, Jr., Treasurer; Augustine Fendrock, Management Information Services; Normand W. Green, Organization and Management Planning; and Howard W. Snyder, Personnel Relations, were all elected Vice Presidents of the Company.

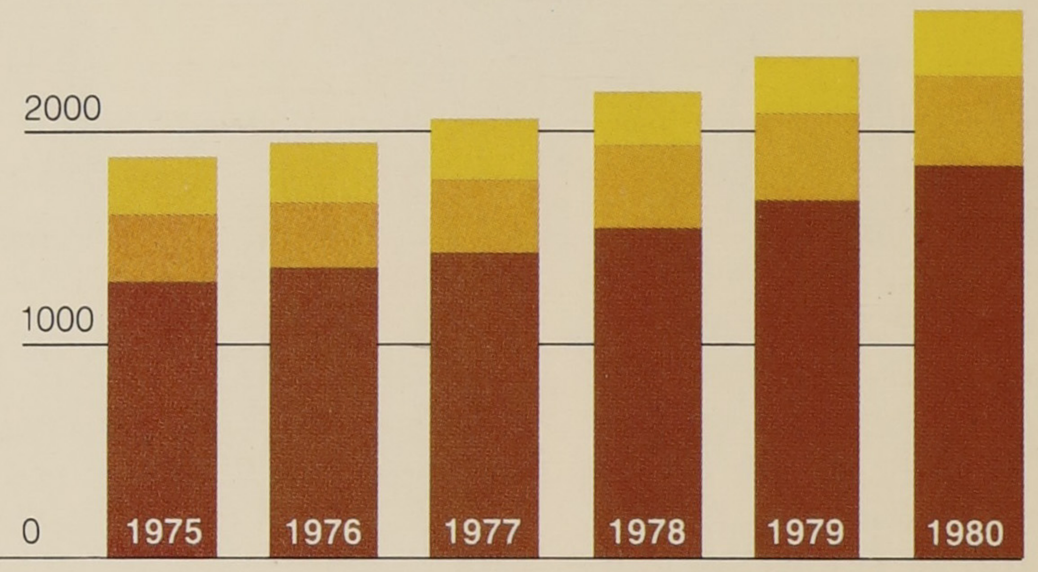
William H. Weber, Jr., was elected Secretary.

Retirements

The Company appreciates the dedicated services of Robert J. Jones, Group Vice President, and Kenneth M. Hatcher, Secretary, both of whom have retired after many years with Nabisco.

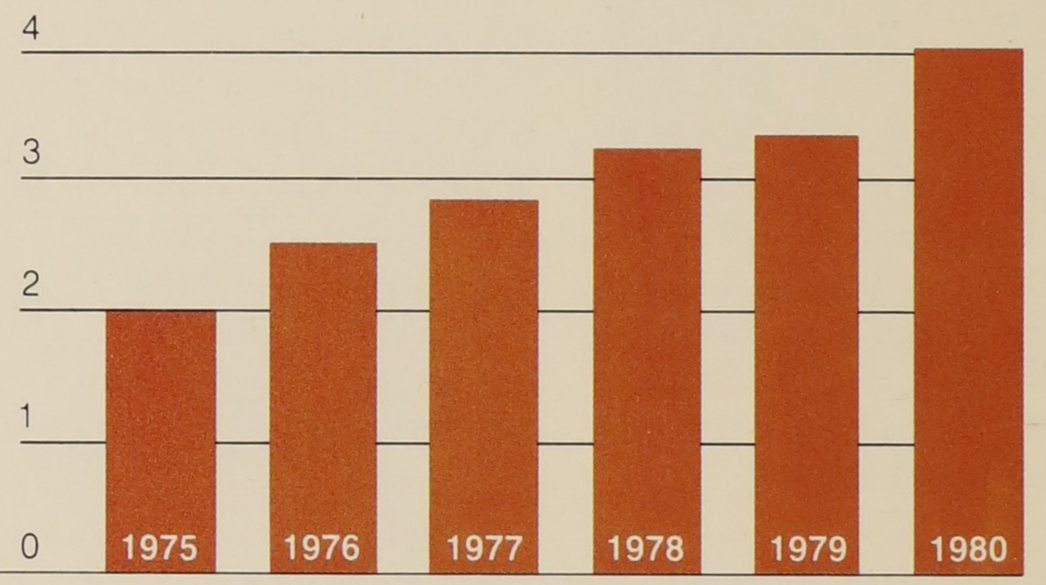
Net Sales-Geographic *(Millions of Dollars)*

Net Sales in 1980 of $2,568.7 million, another record high, reflected a compound growth rate over the past five years in excess of 6%.



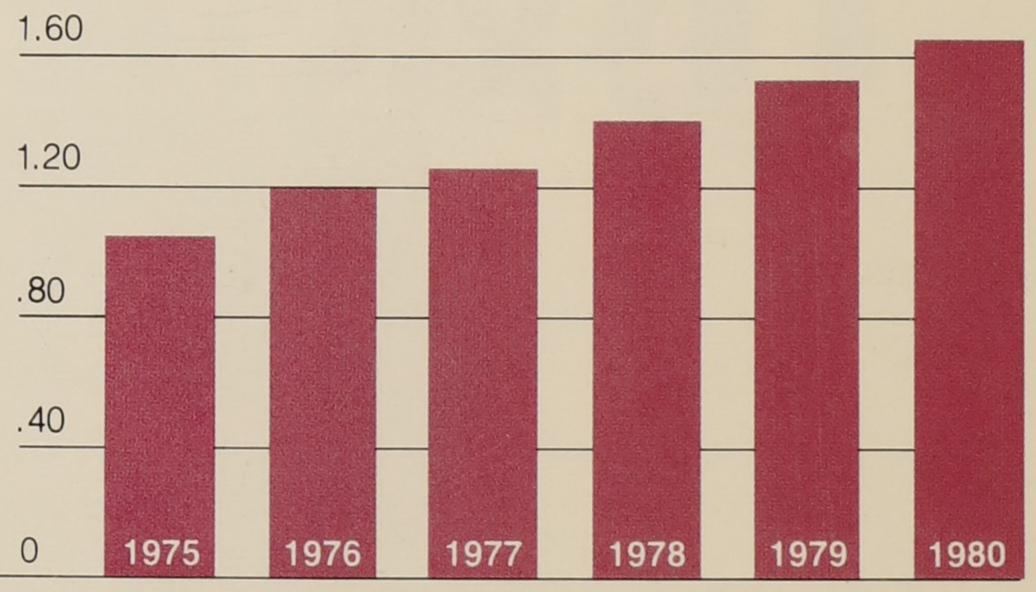
Income Per Share from Continuing Operations before Nonrecurring Items *(Dollars)*

Income from continuing operations before nonrecurring items increased approximately 15% on a compound annual basis during the five-year period from $2.00 in 1975 to $4.05 in 1980. Nonrecurring items resulted from terminated operations.



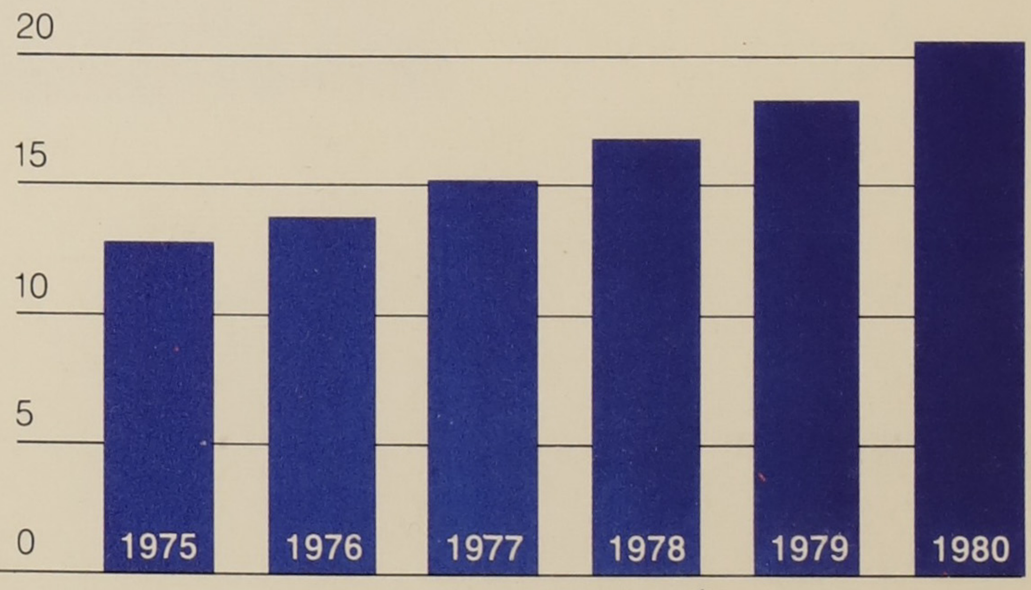
Dividends Per Share *(Dollars)*

Dividends per share have increased in each of the last five years. Nabisco has paid continuous quarterly dividends since 1899.



Book Value Per Share *(Dollars)*

Book value per share reached $20.82 in 1980, an increase of $8.06 over the five-year period ending 1980. This reflects an annual growth rate of 10%.



Financial Review

Summary of Selected Financial Data (In millions except per share data)	1980	1979	1978	1977	1976	1975
Net sales	**$2,568.7**	$2,362.0	$2,197.3	$2,073.3	$1,973.9	$1,904.9
Operating income	**261.7**	237.8	228.3	220.2	199.7	177.9
Miscellaneous income (expense), net	**9.7**	(9.6)	5.3	(28.9)	5.6	(3.6)
Interest expense	**24.1**	28.1	24.3	25.0	28.4	31.4
Income from continuing operations before income taxes	**247.3**	200.1	209.3	166.3	176.9	142.9
Income taxes	**119.5**	100.3	107.7	62.4	94.7	79.2
Income from continuing operations	**127.8**	99.8	101.6	103.9	82.2	63.7
Discontinued line of business						
Loss from operations[1]	**—**	—	—	(2.2)	(5.2)	(4.7)
Loss on disposal[2]	**—**	—	—	(23.7)	—	—
Net income	**$ 127.8**	$ 99.8	$ 101.6	$ 78.0	$ 77.0	$ 59.0
Per share						
Income from continuing operations	**$ 3.96**	$ 3.10	$ 3.16	$ 3.24	$ 2.57	$ 2.00
Loss from discontinued line of business	**—**	—	—	(.81)[3]	(.16)	(.15)
Net income	**$ 3.96**	$ 3.10	$ 3.16	$ 2.43	$ 2.41	$ 1.85
Dividends declared per share	**$ 1.665**	$ 1.53	$ 1.41	$ 1.26	$ 1.20	$ 1.15
Average shares outstanding	**32.27**	32.22	32.16	32.10	31.97	31.92
Total assets	**$1,423.2**	$1,296.7	$1,265.9	$1,124.9	$1,122.3	$1,079.7
Long-term debt	**$ 251.5**	$ 253.2	$ 268.9	$ 274.2	$ 282.8	$ 286.8
Effective income tax rate	**48%**	50%	51%	38%	54%	55%

(1) Net of income tax credits of $2.8, $4.4, $3.6 for the years 1977 to 1975, respectively.
(2) Net of income tax credit of $22.6.
(3) Includes loss on disposal of toy and game subsidiary of $.74 per share.

1980 Operations Compared with 1979 Operations

Sales—Consolidated net sales in 1980 rose to $2,568.7 million, an increase of 9% over the $2,362.0 million reported in 1979. On a comparable basis, after adjusting for a terminated operation in the prior year, 1980 sales would have been 11% higher than in 1979. All segments of Nabisco's worldwide family contributed to these record results.

Nabisco's U.S. food operations' sales continued to show growth on a year-to-year basis as 1980 sales posted a 9% gain over amounts reported in 1979. Inflationary pressures on costs necessitated price increases which were the principal reason for this gain. New cookie product introductions and successful promotional activity, coupled with increased *Wheatsworth* Stone Ground Wheat Cracker sales, contributed to this growth. The confectionery operation also attained strong volume gains.

In the international food operations, all of the Company's subsidiaries experienced sales progress due to a mix of price increases and healthy volume gains.

In Nabisco's nonfood segments, household accessories and toiletries and pharmaceuticals showed modest sales gains in a difficult economic environment.

Operating income—Consolidated operating income rose to $261.7 million, an increase of 10% over the $237.8 million reported a year earlier.

U.S. food operating income rose to $228.9 million from the prior year's $212.3 million. Escalating costs for raw and packaging materials, coupled with the higher costs of labor and employee benefits, partially offset the increased profits resulting from higher sales. Margins were maintained through selective pricing decisions. 1980 international food operations reached $50.1 million in operating profits which compares to the $40.0 million recorded in 1979. Strong sales gains contributed to this marked improvement. In addition, the increase was partially due to the adverse effect on 1979 results of the operating losses of a West German confectionery operation which was sold in September of 1979.

The toiletries and pharmaceuticals operation showed modest gains in operating income despite heavy marketing expenditures for new product introductions, while the

household accessories group was down from year-earlier results due principally to higher operating costs.

Miscellaneous income (expense), net amounted to income of $9.7 million in 1980 compared to an expense of $9.6 million in 1979. The change was due primarily to a nonrecurring charge of $17.8 million relating to the sale of the West German confectionery operation in 1979. For the year ended December 31, 1980, this caption includes a one-time charge of $5.8 million resulting from a writedown of substantially all of the remaining receivable due from the sale of a toy subsidiary in 1978. Foreign exchange adjustments resulting from translation, transactions, and forward foreign exchange contracts amounted to a $1.7 million loss in 1980 compared to a loss of $8.5 million in 1979. Forward foreign exchange contracts are used to hedge foreign inventory exposures and translation exposures as defined under SFAS No. 8. The difference between translating such exposed inventories at historical versus current rates resulted in an unfavorable adjustment to cost of sales of $.7 million in 1980 and a favorable adjustment of $2.9 million in 1979.

Income taxes in 1980 amounted to 48% of pretax income compared with 50% in 1979. The decrease in the effective tax rate was due to a variety of factors including a change in the composition of taxable foreign earnings and losses.

Business Segments
(Dollars in millions)

1980	Sales Amount	Sales %	Operating Income Amount	Operating Income %	Identifiable Assets Amount	Identifiable Assets %	Capital Expenditures Amount	Capital Expenditures %	Depreciation Expense Amount	Depreciation Expense %
United States Food	$1,687.9	66	$228.9	80	$ 687.5	54	$ 60.8	58	$30.1	68
International Food	651.7	25	50.1	17	459.3	36	37.2	36	10.8	25
Total Food	2,339.6	91	279.0	97	1,146.8	90	98.0	94	40.9	93
Toiletries & Pharmaceuticals	154.2	6	1.5	1	81.3	6	2.9	3	1.8	4
Household Accessories	74.9	3	7.0	2	54.1	4	3.7	3	1.3	3
Total Segments	2,568.7	100	287.5	100	1,282.2	100	104.6	100	44.0	100
Unallocated Corporate	—		(25.8)		141.0		.7		1.3	
Total	$2,568.7		$261.7		$1,423.2		$105.3		$45.3	
1979										
United States Food	$1,548.2	66	$212.3	81	$ 631.7	54	$53.6	73	$27.9	67
International Food	597.0	25	40.0	15	404.4	35	15.8	22	11.1	26
Total Food	2,145.2	91	252.3	96	1,036.1	89	69.4	95	39.0	93
Toiletries & Pharmaceuticals	149.3	6	.6	—	81.0	7	1.3	2	1.8	4
Household Accessories	67.5	3	9.7	4	47.3	4	2.7	3	1.2	3
Total Segments	2,362.0	100	262.6	100	1,164.4	100	73.4	100	42.0	100
Unallocated Corporate	—		(24.8)		132.3		.8		.3	
Total	$2,362.0		$237.8		$1,296.7		$74.2		$42.3	
1978										
United States Food	$1,412.1	64	$193.7	77	$ 589.5	51	$40.3	61	$24.8	63
International Food	561.2	26	36.7	15	436.2	37	21.7	33	11.4	29
Total Food	1,973.3	90	230.4	92	1,025.7	88	62.0	94	36.2	92
Toiletries & Pharmaceuticals	162.9	7	10.8	4	87.7	8	2.0	3	1.9	5
Household Accessories	61.1	3	9.6	4	44.4	4	1.6	3	1.1	3
Total Segments	2,197.3	100	250.8	100	1,157.8	100	65.6	100	39.2	100
Unallocated Corporate	—		(22.5)		108.1		1.3		1.3	
Total	$2,197.3		$228.3		$1,265.9		$66.9		$40.5	

The Company's products are classified in three worldwide business segments: food (U.S. and international) comprised principally of cookies, crackers, snack foods, cereals and pet foods; toiletries and pharmaceuticals; and household accessories consisting of plastic and cloth shower curtains, knitted curtains and small appliances.

Unallocated Corporate consists primarily of the following:
Operating Income—General and administrative expenses.
Identifiable Assets—Fixed assets and capital leases at World Headquarters, corporate cash and short-term investments.
Capital Expenditures—For World Headquarters administrative facilities.
Depreciation—On depreciable assets of World Headquarters administrative facilities.

Net income increased to a record level in 1980. Since 1978, net income has grown at a compound annual growth rate of 12%. Successful efforts at streamlining the Company's operations have led management to believe that this favorable trend in sales and earnings portends a period of steady growth in future years.

Geographic Areas

(Dollars in millions)

1980	Sales Amount	Sales %	Operating Income Amount	Operating Income %	Identifiable Assets Amount	Identifiable Assets %
United States	$1,844.8	72	$229.5	80	$ 778.4	61
Europe	416.7	16	27.4	9	266.3	21
Other	307.2	12	30.6	11	237.5	18
Total Segments	2,568.7	100	287.5	100	1,282.2	100
Unallocated Corporate	—		(25.8)		141.0	
Total	$2,568.7		$261.7		$1,423.2	
1979						
United States	$1,703.6	72	$216.5	83	$ 717.7	62
Europe	401.6	17	24.0	9	246.0	21
Other	256.8	11	22.1	8	200.7	17
Total Segments	2,362.0	100	262.6	100	1,164.4	100
Unallocated Corporate	—		(24.8)		132.3	
Total	$2,362.0		$237.8		$1,296.7	
1978						
United States	$1,584.6	72	$208.6	83	$ 685.2	59
Europe	364.0	17	22.7	9	289.0	25
Other	248.7	11	19.5	8	183.6	16
Total Segments	2,197.3	100	250.8	100	1,157.8	100
Unallocated Corporate	—		(22.5)		108.1	
Total	$2,197.3		$228.3		$1,265.9	

The effects of inflation on the Company's net sales and results of operations in each of the last two fiscal years are described on pages 27 through 29 of this annual report.

1979 Operations Compared With 1978 Operations

Sales—Consolidated net sales in 1979 rose to $2,362.0 million, an increase of 8% over the $2,197.3 million reported in 1978. On a comparable basis, after adjusting for operations either terminated or sold in both years, sales would have been 10% higher in 1979.

U.S. food operations' sales in 1979 posted a 10% increase over the prior year. Price increases contributed to the major part of this gain; however, volume increases were achieved by crackers, which experienced good gains buoyed by the launch of *Wheatsworth* Stone Ground Wheat Crackers, and by both the food services and confectionery operations.

International food operations reported improved results with sales up 6% over the prior year. Overall, volume increases accounted for roughly 30% of this gain. European operations again reported strong gains, with England, France and Italy the main contributors. New Zealand and Canadian operations also reported good sales performances.

The household accessories operation showed strong gains while the results of the toiletries and pharmaceuticals segment were down from year-earlier levels, due primarily to volume shortfalls in the domestic market resulting from competitive pressures.

Operating income—U.S. food operating income rose to $212.3 million in 1979 compared to $193.7 million in 1978, with operating profit margins aided by higher prices instituted to counter the impact of cost increases.

International food operating income amounted to $40.0 million in 1979, an increase of 9% over the $36.7 million

Other Financial Data

(Dollars in millions except per share data)

	1980	1979	1978	1977	1976	1975
Working capital	**$ 396.6**	$ 364.3	$ 338.4	$ 286.6	$ 234.0	$ 187.8
Plant and equipment	**543.7**	494.1	489.8	477.0	489.2	478.8
Capital expenditures	**105.3**	74.2	66.9	57.5	56.4	86.0
Depreciation expense	**45.3**	42.3	40.5	38.6	38.1	35.3
Total assets	**1,423.2**	1,296.7	1,265.9	1,124.9	1,122.3	1,079.7
Short-term debt	**14.3**	14.7	13.3	14.5	50.0	66.3
Long-term debt	**251.5**	253.2	268.9	274.2	282.8	286.8
Shareholders' equity	**672.5**	596.2	544.4	486.7	446.9	407.1
Shareholders' equity per share	**20.82**	18.52	16.94	15.18	13.98	12.76
Long-term debt to capitalization	**27.2%**	29.8%	33.1%	36.0%	38.8%	41.3%
Return on average shareholders' equity	**20.1%**	17.5%	19.7%	16.7%	18.0%	14.9%
Market price per share at year-end	**26⅝**	21⅞	25⅜	23⅝	25¼	19¼
Number of employees	**37,000**	38,000	39,000	43,000	48,000	47,000
Current ratio	**2.05:1**	2.09:1	2.01:1	2.05:1	1.80:1	1.63:1

reported in 1978. This resulted in a slight margin improvement as cost increases for ingredients, along with escalating labor and other employee costs, were recouped by price increases and volume gains. Canada, England, France and Italy contributed significantly to this improvement. These results were achieved despite increased operating losses by the West German confectionery operation which was sold as of September 30, 1979.

Household accessories showed marginal gains in operating income due primarily to volume increases and successful new product introductions which were substantially offset by lower operating income in the South American operation. The toiletries and pharmaceuticals operation was down substantially due primarily to sales shortfalls, cost increases and marketing expenses related to new product introductions.

Quarterly Financial Data
(In millions except per share data)

1980	1st*	2nd	3rd	4th
Net sales	$605.8	$604.3	$639.2	$719.4
Gross profit	214.8	212.1	227.0	253.4
Net income	26.1	28.7	30.8	42.2
Per share				
Net income	.81	.89	.95	1.31
Dividends paid	.405	.405	.405	.405
Stock Prices				
High	25⅛	25	27⅝	26¾
Low	18½	19¼	23⅜	23½
1979	1st	2nd	3rd*	4th
Net sales	$552.3	$574.2	$592.4	$643.1
Gross profit	189.8	194.0	202.8	221.7
Net income	22.5	25.0	16.8	35.5
Per share				
Net income	.70	.78	.52	1.10
Dividends paid	.375	.375	.375	.375
Stock Prices				
High	25½	25	24⅞	24⅞
Low	23	22¼	22	20⅝

*See notes to financial statements

The approximate number of common shareholders of record at December 31, 1980 was 64,300.

Miscellaneous income (expense), net amounted to an expense of $9.6 million in 1979 compared to income of $5.3 million in 1978. The change was primarily due to a nonrecurring charge in 1979 of $17.8 million relating to the sale of the West German confectionery operation. Interest income on short-term investments increased $9.0 million to $17.9 million in 1979. Foreign exchange adjustments amounted to an $8.5 million loss in 1979 compared to a loss of $5.3 million in 1978.

Income taxes amounted to 50% of pretax income in 1979 compared with 51% in 1978. The decrease in the effective tax rate was due primarily to the change in the U.S. Federal tax rate from 48% to 46%.

Net income decreased slightly in 1979 to $99.8 million, or $3.10 per share compared to $101.6 million, or $3.16 per share, in 1978. Net income includes nonrecurring charges of $.28 per share in 1979 relating to the sale of the West German operation and $.06 per share in 1978 attributable to the termination of the *Rival* Brand canned dog food business. After excluding these adjustments, net income increased 5% to $3.38 per share in 1979 compared with $3.22 per share in 1978.

Liquidity and Capital Resources

Liquidity is the ability of a company to generate sufficient cash to meet its operating needs such as payroll, supplies, etc., to repay debt, and to pay cash dividends to its shareholders. Over the last five years the Company has increased its working capital at a compound annual growth rate in excess of 16%. The most significant component of this growth in working capital has been an increase in the Company's cash and short-term investment portfolio.

During this period, management has increased the strength of the Company's financial condition, met day-to-day operating requirements, paid dividends to its shareholders, reduced the Company's debt-to-equity ratio and provided for the growth of the Company, largely through the use of internally generated funds. Barring the occurrence of any unusual events, management feels that internally generated funds will be more than adequate to fund continuing operating requirements in the foreseeable future. Moreover, management feels that in keeping with its stated goals, the Company will be able to maintain a dividend payout ratio of between 40% and 50% during this time.

The Company has and will continue to consider investment opportunities such as acquisitions and joint venture possibilities which might have a potential effect on the Corporation's future liquidity. Such potential investment possibilities could be financed through any combination of debt or equity offerings, use of available cash and short-term investment funds, or the exercise of any of the Corporation's substantial unused lines of credit. Because of the Company's strong financial condition, management feels that it has the capability of expanding the Company's borrowing capacity, should the need arise.

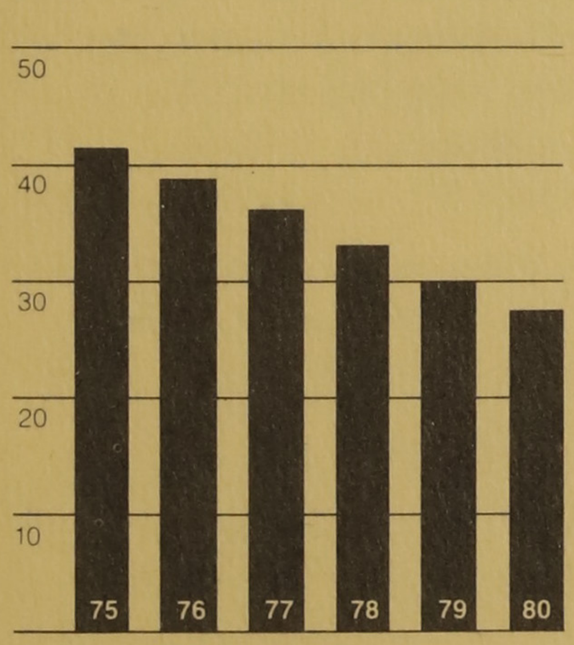
In the past three years, the Company has generated funds mainly from operations. Externally, the Company has secured a revolving credit agreement and sufficient bank lines of credit which provide Nabisco with future domestic and international credit availability and support the issuance of commercial paper.

The Company has maintained a current ratio of approximately 2:1 in each of the last three years. The Company's inventories and receivables have maintained excellent turnover rates, while its asset base has grown at a steady rate. Long-term debt has been reduced, and shareholders' equity has grown. Corporate earnings which have not been distributed to the shareholders in the form of dividends have been used to add and improve plant, retire debt and enhance the Company's financial resilience. Management believes that this progressive strengthening of the Corporation's overall financial condition should continue.

The Company has accelerated its capital spending program in the last three years. Capital expenditures in 1980 increased to $105 million, a 42% increase over the 1979 level. These expenditures were made in order to achieve stated productivity goals, build new production facilities, and equip existing facilities with the latest technology. The funds utilized in these improvements were generated primarily from operations. The Company has commitments principally for property, plant and equipment which approximated $17 million at December 31, 1980.

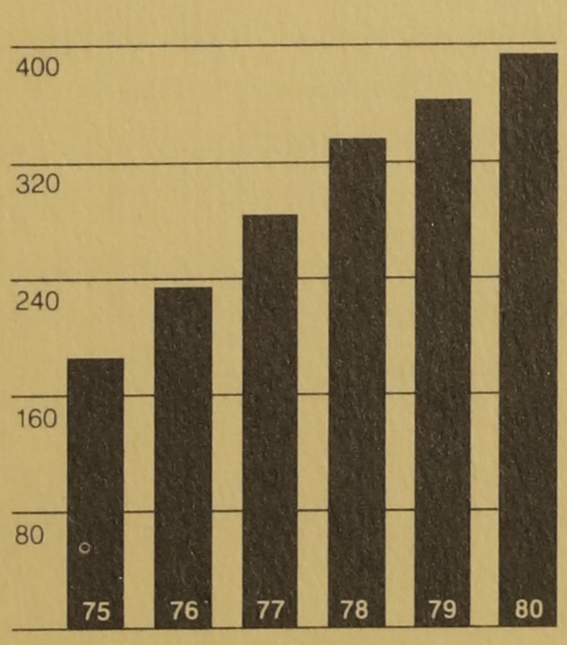
Management expects to invest increasing amounts of capital resources in the future to maintain and improve the efficiencies of the Company's production and distribution facilities. It is anticipated that capital expenditures will approach $125 million in 1981. The Company expects to meet these requirements primarily through the use of internally generated funds.

Long-Term Debt to Capitalization *(Percent)*



Working Capital

(Millions of Dollars)



Supplementary Information on the Effects of Inflation

General Background

Nabisco's basic historical cost financial statements are not intended to measure the effects of changing prices or relative economic value in an inflationary environment. The Financial Accounting Standards Board has issued Statement No. 33, Financial Reporting and Changing Prices, in an attempt to provide useful estimates of the impact of inflation on the operations of the largest U.S. corporations. Two distinctly different methods of preparing and presenting such estimates are required by Statement No. 33.

The Constant Dollar method's major premise is that the purchasing power of the dollar changes during periods of inflation. The Constant Dollar method adjusts for those changes and restates financial statement elements into dollars that have equal purchasing power. The U.S. Consumer Price Index for All Urban Consumers (CPI/U) is used in making these adjustments. The financial data appearing under the captions "Adjusted for general inflation," contained herein, were developed by determining the points in time in which the related inventories and properties were acquired and adjusting the historical dollar values of these assets, as well as the related cost of goods sold and depreciation expense, by applying the appropriate Consumer Price Index. These financial data and the information contained in the "Consolidated Statement of Income Adjusted for the Effects of Changing Prices" are expressed in terms of average for the year constant dollars.

The Current Cost method's major underlying assumption is that the prices of different resources used by different types of companies do not necessarily change at the same rate during periods of inflation. The Current Cost method seeks to report the unique effect of inflation on a company by measuring the specific price changes of the resources it uses. To present the current cost of property, plant and equipment and related depreciation expense, various available industrial indices for building, machinery and equipment were utilized and applied to historical costs based on the dates of acquisition. The historical cost of sales exclusive of depreciation was adjusted to compensate for price changes during the inventory holding and production periods by developing internal price indices. Inventories were restated using similar methods based on latest available costs to produce or purchase them at the respective measurement dates.

Management's Overview

Constant Dollar Presentation—For the years ended December 31, 1980 and December 31, 1979, when adjusted for the effects of general inflation, reported net income was reduced by 54.3% and 53.9%, respectively. This decrease was due in part to depreciation charges of $68.6 million in 1980 and $74.8 million in 1979. In addition, cost of sales increased by $46.1 million in 1980 and $34.3 million in 1979. The assumptions underlying the increases in depreciation expense are tantamount to replacing existing fixed assets with identical assets at higher prices as reflected by changes in the CPI/U. Ordinarily, management would replace existing assets with those of improved technology, thus resulting in cost savings. Furthermore, the Company's cost of sales do not necessarily follow the same inflationary pattern as do consumer prices. The Company's production costs are more subject to the vagaries of commodity prices than to the CPI/U. In addition, one should consider the "Gain from decline in purchasing power of net amounts owed" when viewing the Company's inflation-adjusted earnings. This gain results from repaying net monetary liabilities with dollars of lesser value due to inflation. If this gain were added to inflation-adjusted earnings in both years, constant dollar net income would have decreased by only 28.0% from historical net income in 1980 and 13.3% in 1979.

Current Cost Presentation—For the years ended December 31, 1980 and December 31, 1979, reported net income was reduced by 41.1% and 49.4%, respectively, when restated for changes in specific prices. As was the case in the Constant Dollar model, these decreases were due in part to depreciation charges of $71.9 million and $75.7 million in 1980 and 1979, respectively. In addition, cost of sales also increased $25.9 million in 1980 and $28.1 million in 1979. Such an increase compares favorably to a similar increase reported under the Constant Dollar method. The favorable comparison is due chiefly to the fact that inflationary increases for Nabisco have been less than the pace of general inflation. While costs of acquiring property, plant and equipment have risen at a rate which approximates general inflation, the Company's raw material costs have not increased as dramatically as the CPI/U.

Consolidated Statement of Income Adjusted for the Effects of Changing Prices

(In millions except per share data)

	Year Ended December 31, 1980		
	Historical Basis	Adjusted for General Inflation (Constant Dollar)	Adjusted for Changes in Specific Prices (Current Cost)
Net sales	**$2,568.7**	**$2,568.7**	**$2,568.7**
Cost of sales [1]	**1,635.3**	**1,681.4**	**1,661.2**
Depreciation expense [2]	**45.3**	**68.6**	**71.9**
Other expenses	**616.7**	**616.7**	**616.7**
Interest expense	**24.1**	**24.1**	**24.1**
Provision for income taxes	**119.5**	**119.5**	**119.5**
Net income	**$ 127.8**	**$ 58.4**	**$ 75.3**
Net income per share	**$ 3.96**	**$ 1.81**	**$ 2.33**
Gain from decline in purchasing power of net amounts owed		**$ 33.6**	**$ 33.6**
Increase in specific prices of inventories and property, plant and equipment held during the year [3]			**$ 94.0**
Less effect of increase in general price level			**140.6**
Excess of increase in general price level over increase in specific prices			**$ (46.6)**

(1) Cost of sales has been adjusted to Constant Dollars by utilizing the average 1980 CPI/U. Cost of sales on a Current Cost basis was derived by adjusting historical cost of sales to compensate for price changes during the inventory holding and production periods using internally developed price indices.

(2) Constant Dollar depreciation is based on fixed assets restated to average 1980 dollars using the change in the CPI/U from the original acquisition date and then applying the Company's depreciation policy. Current Cost depreciation was calculated by applying various externally published industrial price indices to the historical costs of the related fixed assets and then applying the Company's depreciation policy.

(3) At December 31, 1980 the Current Cost of inventory was $370.0 million and the Current Cost of property, plant and equipment net of accumulated depreciation was $888.7 million.

Five-Year Comparison of Selected Supplementary Financial Data Adjusted for the Effects of Changing Prices

(In millions of average 1980 dollars except per share data)

	Years Ended December 31				
	1980	1979	1978	1977	1976
Net sales	**$2,568.7**	$2,680.2	$2,775.3	$2,819.2	$2,857.2
Historical cost information adjusted for general inflation:					
Net income	**58.4**	52.2			
Net income per common share	**1.81**	1.62			
Net assets at year-end	**960.7**	938.9			
Historical cost information adjusted for changes in specific prices:*					
Net income	**75.3**	57.4			
Net income per common share	**2.33**	1.78			
Excess of increase in general price level over increase in specific prices	**(46.6)**	(61.1)			
Net assets at year-end	**1,030.9**	1,036.1			
Gain from decline in purchasing power of net amounts owed	**33.6**	46.0			
Cash dividends declared per common share	**1.665**	1.74	1.78	1.71	1.74
Market price per common share at year-end	**26⅝**	24⅞	32	32⅛	36½
Average consumer price index (1967 = 100)	**246.8**	217.5	195.4	181.5	170.5

*1979 Current Cost information stated in millions of average 1980 dollars is as follows: Cost of Sales exclusive of depreciation, $1,761.9; Depreciation expense, $75.7; Increase in specific prices of inventories and property, plant and equipment held during the year, $144.7; Effect of increase in general price level, $205.8; Excess of increase in general price level over increase in specific prices, $(61.1); Current Cost of inventory and property, plant and equipment, net was $387.9 and $909.5, respectively, at December 31, 1979.

Current Cost data for 1979 were developed following the same methods utilized in 1980.

Five-Year Comparison—Historical net sales show an annual compound growth rate of 7%, while inflation-adjusted sales would indicate a decline of about 3%. However, during this period Nabisco disposed of certain operations and deconsolidated others. After eliminating sales for these operations to provide a more consistent basis for comparison, historical sales grew at a 9.4% compound rate which approximated the rate of general inflation during the period.

During the past five years and in line with its stated goals, Nabisco has reduced the payout ratio of cash dividends from over 60% to between 40% and 50%. This has provided shareholders with cash dividends declared per share on a constant dollar basis which has substantially allowed them to maintain their purchasing power. At the same time, the Company has been able to accumulate funds to pursue an active program of capital expenditures and acquisitions for future growth.

General Conclusions

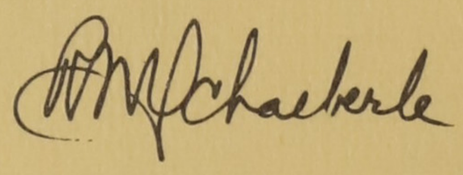
Although we believe that both the Constant Dollar and Current Cost approaches used in adjusting historical amounts for inflation involve the use of estimates and assumptions required by Statement No. 33 which might render the results misleading, it is our opinion that these methods provide a general indication of the effects of changing prices on the Company's cash flow and capital base. To minimize the impact of inflationary cost pressures, it has been and will continue to be the Company's practice to maintain margins through improved production and distribution efficiencies, the economies of scale, and, as a last resort, passing inflationary cost increases along to the consumer in the form of higher prices. The most glaring revelation made by these disclosures points to the fact that changes in taxation laws concerning depreciation are needed to mitigate the impact of inflation on the capital formation process. It is apparent that, when historical income tax expense is applied against income restated for the effects of general inflation and changes in specific prices, effective tax rates soar. The effect of inflation is not deductible for tax purposes and results in the shrinking of corporate profits available for capital formation. This is one of the major causes of the lack of growth in productivity in the United States.

Responsibility for Financial Statements

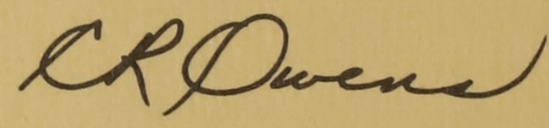
Nabisco, Inc. is responsible for the preparation, integrity and accuracy of its financial statements as well as all other information included in the Annual Report, unless otherwise noted. The statements have been prepared in conformity with generally accepted accounting principles consistently applied, using management's best estimates and judgments, where appropriate.

The system of internal controls of the Company and its subsidiaries is designed to provide reasonable assurance that the books and records reflect the transactions of Nabisco and that established policies and procedures are followed. This system is augmented by written policies and guidelines, a strong program of internal audit and the careful selection and training of qualified personnel.

Coopers & Lybrand, independent certified public accountants, have made an examination of the financial statements in accordance with generally accepted auditing standards that include tests of transactions and selective tests of internal accounting controls. The Audit Committee of the Board of Directors, consisting solely of nonemployee directors, meets regularly with the independent auditors and management–both jointly and separately–to review accounting, auditing and financial reporting matters. Both the internal and independent auditors have direct access to the Audit Committee.



Robert M. Schaeberle
Chairman and Chief
Executive Officer



C. Richard Owens
Senior Vice President and
Chief Financial Officer

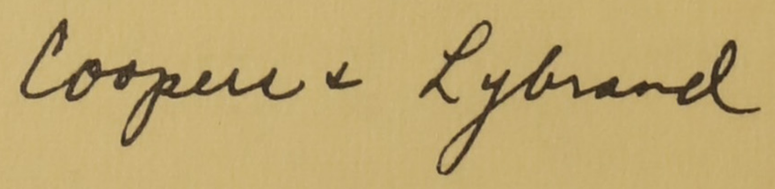
Report of Auditors

To the Shareholders of Nabisco, Inc.:

We have examined the consolidated balance sheets of Nabisco, Inc. and its subsidiaries as of December 31, 1980 and 1979, and the related consolidated statements of income and retained earnings, capital stock and additional paid-in capital and changes in financial position for each year of the three years ended December 31, 1980. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the consolidated financial position of Nabisco, Inc. and its subsidiaries at December 31, 1980 and 1979, and the consolidated results of their operations and changes in their financial position for each year of the three years ended December 31, 1980, in conformity with generally accepted accounting principles applied on a consistent basis.

1251 Avenue of the Americas
New York, N.Y. 10020
January 26, 1981



Consolidated Statement of Income and Retained Earnings

NABISCO, INC.

	Year Ended December 31		
	1980	1979	1978
Net sales	**$2,568,685,000**	$2,362,045,000	$2,197,277,000
Cost of sales	**1,661,428,000**	1,553,660,000	1,428,956,000
Gross profit	**907,257,000**	808,385,000	768,321,000
Selling, general and administrative expenses	**645,580,000**	570,562,000	540,024,000
Operating income	**261,677,000**	237,823,000	228,297,000
Miscellaneous income (expense), net	**9,709,000**	(9,611,000)	5,260,000
Interest expense	**24,090,000**	28,100,000	24,271,000
Income before income taxes	**247,296,000**	200,112,000	209,286,000
Income taxes			
Current			
United States	**81,954,000**	70,511,000	74,195,000
Foreign	**19,643,000**	14,515,000	12,165,000
State and local	**13,012,000**	11,486,000	11,422,000
Deferred	**4,920,000**	3,824,000	9,951,000
Total income taxes	**119,529,000**	100,336,000	107,733,000
Net income	**127,767,000**	99,776,000	101,553,000
Retained earnings, beginning of year	**510,706,000**	460,122,000	403,800,000
Dividends declared per share, $1.665, $1.53 and $1.41 in 1980, 1979 and 1978, respectively	**(53,661,000)**	(49,192,000)	(45,231,000)
Retained earnings, end of year	**$ 584,812,000**	$ 510,706,000	$ 460,122,000
Net income per share	**$3.96**	$3.10	$3.16

(Financial statements should be read in conjunction with the summary of significant accounting policies on page 35 and notes to financial statements on pages 36 through 38.)

Consolidated Balance Sheet

ASSETS	December 31 1980	1979
Current assets		
Cash	**$ 12,041,000**	$ 11,356,000
Short-term investments, at cost which approximates market	**151,767,000**	129,716,000
Accounts receivable		
Trade	**230,138,000**	209,498,000
Other	**23,129,000**	16,201,000
Inventories		
Finished products	**165,439,000**	149,136,000
Raw materials and supplies	**191,215,000**	183,338,000
Total current assets	**773,729,000**	699,245,000
Property, plant and equipment		
Land	**15,059,000**	14,228,000
Buildings	**291,361,000**	272,741,000
Machinery and equipment	**661,844,000**	605,514,000
	968,264,000	892,483,000
Less accumulated depreciation	**424,586,000**	398,430,000
Property, plant and equipment, net	**543,678,000**	494,053,000
Other assets	**63,830,000**	60,561,000
Excess of investments in consolidated subsidiaries over net assets	**41,925,000**	42,855,000
Total assets	**$1,423,162,000**	$1,296,714,000

(Financial statements should be read in conjunction with the summary of significant accounting policies on page 35 and notes to financial statements on pages 36 through 38.)

LIABILITIES	December 31 1980	1979
Current liabilities		
Short-term debt		
Bank loans and other	**$ 8,438,000**	$ 8,125,000
Current portion of long-term debt	**5,845,000**	6,559,000
Accounts payable		
Trade	**114,771,000**	96,555,000
Other	**16,368,000**	17,675,000
Accrued liabilities	**166,915,000**	143,099,000
Dividend payable	**14,523,000**	13,024,000
Income taxes	**50,289,000**	49,920,000
Total current liabilities	**377,149,000**	334,957,000
Long-term debt	**251,472,000**	253,186,000
Other liabilities	**28,912,000**	24,568,000
Deferred income taxes	**71,638,000**	69,355,000
Unamortized investment tax credit	**17,574,000**	14,937,000
Minority interests in consolidated subsidiaries	**3,910,000**	3,499,000
SHAREHOLDERS' EQUITY		
Capital stock, common-par value $2.50, shares authorized 70,000,000	**80,883,000**	80,699,000
Additional paid-in capital	**8,222,000**	6,756,000
Retained earnings	**584,812,000**	510,706,000
Treasury stock, at cost	**(1,410,000)**	(1,949,000)
Total shareholders' equity	**672,507,000**	596,212,000
Total liabilities and shareholders' equity	**$1,423,162,000**	$1,296,714,000

Consolidated Statement of Changes In Financial Position

NABISCO, INC.

	Year Ended December 31		
	1980	1979	1978
Financial resources provided			
Net income	**$127,767,000**	$ 99,776,000	$101,553,000
Charges to income not affecting working capital			
Depreciation and amortization	**48,196,000**	42,263,000	40,464,000
Deferred income taxes and investment tax credit	**4,920,000**	3,824,000	9,951,000
Loss on sale of foreign operation	**—**	14,195,000	—
Working capital provided from operations	**180,883,000**	160,058,000	151,968,000
Disposals of property, plant and equipment	**10,371,000**	4,963,000	7,970,000
Increase in other long-term debt	**4,557,000**	2,001,000	188,000
Increase in other liabilities	**4,344,000**	3,490,000	5,103,000
Deferred income taxes—discontinued line of business	**—**	—	15,967,000
Noncurrent net assets of foreign operation sold	**—**	2,781,000	—
Other, net	**2,600,000**	100,000	5,068,000
Total financial resources provided	**202,755,000**	173,393,000	186,264,000
Financial resources applied			
Capital expenditures	**105,269,000**	74,183,000	66,867,000
Dividends declared	**53,661,000**	49,192,000	45,231,000
Current installment and repurchase of debentures	**6,271,000**	10,860,000	4,885,000
Increase in other assets	**5,262,000**	13,276,000	17,522,000
Total financial resources applied	**170,463,000**	147,511,000	134,505,000
Increase in working capital	**$ 32,292,000**	$ 25,882,000	$ 51,759,000
Increase (decrease) in the components of working capital			
Cash and short-term investments	**$ 22,736,000**	$ 21,629,000	$ 61,305,000
Accounts receivable	**27,568,000**	5,689,000	25,130,000
Inventories	**24,180,000**	2,314,000	45,371,000
Net assets of discontinued line of business	**—**	(2,303,000)	(19,480,000)
Short-term debt	**401,000**	(1,349,000)	1,149,000
Other current liabilities	**(42,593,000)**	(98,000)	(61,716,000)
Increase in working capital	**$ 32,292,000**	$ 25,882,000	$ 51,759,000

(Financial statements should be read in conjunction with the summary of significant accounting policies on page 35 and notes to financial statements on pages 36 through 38.)

Consolidated Statement of Capital Stock and Additional Paid-in Capital

NABISCO, INC.

(Dollars in thousands)	Common Stock				Additional Paid-in Capital
	Issued		Treasury Stock		
	Shares	Amount	Shares	Amount	
Balance, January 1, 1978	32,182,042	$80,455	(110,770)	($2,697)	$5,105
Issued in connection with:					
Exercise of stock options	57,904	145	—	—	1,027
Incentive compensation plans	—	—	15,498	378	—
Conversion of debentures	1,267	3	—	—	30
Treasury stock acquired	—	—	(6,140)	(148)	(14)
Balance, December 31, 1978	32,241,213	80,603	(101,412)	(2,467)	6,148
Issued in connection with:					
Exercise of stock options	38,440	96	—	—	621
Incentive compensation plans	—	—	24,516	597	—
Treasury stock acquired	—	—	(3,330)	(79)	(13)
Balance, December 31, 1979	32,279,653	80,699	(80,226)	(1,949)	6,756
Issued in connection with:					
Exercise of stock options	38,510	96	—	—	670
Incentive compensation plans	—	—	23,948	582	—
Conversion of debentures	35,006	88	—	—	796
Treasury stock acquired	—	—	(1,753)	(43)	—
Balance, December 31, 1980	32,353,169	$80,883	(58,031)	($1,410)	$8,222

(Financial statements should be read in conjunction with the summary of significant accounting policies on page 35 and notes to financial statements on pages 36 through 38.)

Summary of Significant Accounting Policies

Consolidation—The consolidated financial statements include the accounts of the Company and its majority-owned subsidiaries. For companies in which it has a substantial interest but owns less than a majority, Nabisco uses the equity method of accounting and, accordingly, records its share of net income in "Miscellaneous income (expense), net." All significant intercompany accounts and transactions have been eliminated.

The financial statements of subsidiaries operating outside the United States and Canada are included on a fiscal-year basis ending November 30 to facilitate prompt reporting of year-end consolidated results.

Inventories are valued at the lower of cost or market with cost generally determined on the average method.

Property, plant and equipment are recorded at cost. For financial reporting purposes, depreciation expense is generally provided on a straight-line basis using estimated useful lives of 20 to 40 years for buildings and 3 to 20 years for machinery and equipment.

Expenditures that result in the enhancement of the assets involved are capitalized. Maintenance and repair costs are expensed when incurred. Upon sale or other disposition, any gain or loss is included in income.

Facilities leased under capital leases are recorded in property, plant and equipment, with corresponding obligations carried in short- and long-term debt. The amount capitalized is the lower of the present value of minimum lease payments or the fair value of the leased property. Depreciation on capital leases is recorded on a straight-line basis over the lease term.

Excess of investments in consolidated subsidiaries over net assets—For businesses acquired prior to 1971 and accounted for as purchases, the excess of the acquisition cost over the fair value of the net assets is generally not amortized because, in the opinion of management, there has been no diminution of value. The excess relating to acquisitions made in 1971 and thereafter is being reduced by annual charges against income generally over a 40 year period.

Income taxes—Deferred income taxes, principally U.S. Federal taxes, are provided for timing differences between financial and taxable income. Such differences result primarily from the use of accelerated depreciation methods for tax purposes which provide more depreciation expense in the early years than in the later years of the lives of the assets being depreciated.

Investment tax credit—Nabisco generally recognizes the U.S. investment tax credit earned on qualified capital additions by reducing income tax expense over the estimated useful lives of the related assets.

Net income per share is based on the weighted-average number of shares outstanding during the periods presented after giving effect to the potential dilutive effect of the exercise of stock options.

Notes to Financial Statements

Disposals of operations—In the first quarter of 1980, the Company recorded in the caption "Miscellaneous income (expense), net" a nonrecurring charge of $5,800,000 resulting from a writedown of substantially all of the remaining receivable due from the sale of a toy subsidiary in 1978. The effect of this charge on net income was $2,900,000, or $.09 per share. Effective September 30, 1979, the Company sold its West German confectionery operation which resulted in a nonrecurring charge of $17,800,000 that is included in the caption "Miscellaneous income (expense), net." The net loss resulting from this sale was $9,000,000, or $.28 per share. In August 1978, the Company terminated its *Rival* Brand canned dog food business, resulting in a nonrecurring charge to net income of $2,000,000, or $.06 per share.

Short-term investments consist of Eurodollar time deposits, certificates of deposit, corporate bonds and U.S. government securities.

Other assets consist of prepaid expenses, deferred charges and investments/advances to unconsolidated affiliates and others.

Short-term debt—The following summarizes information pertaining to short-term borrowings:

(In thousands)	**1980**	1979
Average amount outstanding during the year (based on month-end amounts)	**$15,000**	$28,000
Maximum amount outstanding at any month-end	**$31,000**	$55,000
Weighted-average interest rate during the year (based on month-end borrowings and related interest rates)	**15.01%**	11.14%
Weighted-average interest rate at December 31	**15.12%**	14.56%

The Company has a $100,000,000 revolving credit agreement with a group of banks. This agreement, along with bank lines of credit, provides Nabisco with future domestic and international credit availability and supports the issuance of commercial paper. Unused lines of credit amounted to $189,000,000 and $193,000,000 at December 31, 1980 and 1979, respectively.

Accrued liabilities: (In thousands)	December 31 **1980**	1979
Payrolls	**$ 62,153**	$ 58,050
Trade discounts	**22,643**	20,151
Taxes, other than income taxes	**17,006**	13,504
Interest	**4,252**	3,743
Pensions	**19,942**	15,546
Other	**40,919**	32,105
Total	**$166,915**	$143,099

Long-term debt: (In thousands)	December 31 **1980**	1979
6½% Guaranteed Debentures due October 1, 1982	**$ 3,500**	$ 4,123
4¾% Subordinated Debentures due April 1, 1987	**26,227**	26,667
5¼% Guaranteed Convertible Debentures due March 1, 1988	**18,083**	21,939
7¾% Sinking Fund Debentures due May 1, 2001	**44,525**	45,000
7¾% Sinking Fund Debentures due November 1, 2003	**75,000**	75,000
Capitalized lease obligations	**64,491**	63,911
Other	**25,491**	23,105
	257,317	259,745
Less current portion	**5,845**	6,559
Total	**$251,472**	$253,186

Generally, long-term debt is subject to annual sinking fund requirements and is redeemable at the option of the Company at amounts not less than the principal amount outstanding.

At December 31, 1980, the 5¼% Guaranteed Convertible Debentures are convertible at $25.25 per share into approximately 716,000 shares of common stock. At December 31, 1980, "Other" long-term debt, maturing between 1981 and 2004 at a weighted-average interest rate of 9.13% (8.22% in 1979), consists principally of foreign borrowings.

For the four years ending December 31, 1982 through December 31, 1985 the aggregate amount of maturities and sinking fund requirements for all issues are $7,715,000, $7,626,000, $12,437,000 and $12,888,000, respectively.

Other liabilities consist primarily of pension accruals, incentive compensation awards and workers' compensation liabilities. Pension accruals have been established to cover U.S. prior service liabilities and pension obligations of subsidiaries operating in countries where it is customary for companies to administer their own pension plans.

Retirement plans—The Company has a voluntary noncontributory pension plan approved by the shareholders for employees not covered by union pension plans. Certain subsidiaries have similar plans. In general, the plans provide for retirement benefits based on length of service and the employee's earnings up to age 65. The total pension expense for 1980, 1979 and 1978 was $51,828,000, $43,028,000 and $39,233,000, respectively. The principal reason for the increase in pension expense in 1980 was plan improvements. The pension expense includes a provision for current service costs and, where applicable, amortization of unfunded prior service liabilities over primarily a 40-year period.

Annually, the Company pays to independent investment managers amounts computed on an actuarial basis to provide for the successful operation of its pension plan. In addition, union pension plans require contributions as defined in the union agreements.

A comparison of accumulated plan benefits and plan net assets at the most recent actuarial valuation date for the Company's principal domestic defined benefit pension plans is presented below:

(In thousands)	April 30 1980
Actuarial present value of accumulated plan benefits:	
Vested	$237,700
Non-vested	4,500
Total	$242,200
Net assets available for benefits	$184,600

A weighted-average interest rate of 8.5% was used in determining the actuarial present value of accumulated plan benefits for 1980.

The Company's foreign pension plans are not required to report to certain U.S. governmental agencies pursuant to the Employee Retirement Income Security Act and do not otherwise determine the actuarial value of accumulated plan benefits. At the most recent actuarial valuation dates for these plans, estimated vested benefits were approximately equal to the value of plan assets.

Incentive compensation—The Nabisco Incentive Compensation Program, as approved by the shareholders, provides for incentive awards to employees selected by the Compensation Committee of the Board of Directors, whose members are not eligible for awards. The amounts of the awards are determined by the Compensation Committee based on the relationship of profit performance to predetermined short- and long-term goals. Under the Program, provisions of $6,450,000, $4,380,000 and $4,100,000 were made in 1980, 1979 and 1978, respectively.

Transactions with respect to options previously granted under the Employee Stock Option Plan (1969) are summarized as follows:

	1980	1979	1978
Exercised:			
Shares	**38,510**	38,440	57,904
Option price*	**$19.88**	$18.65	$20.24
Expired or cancelled:			
Shares	**30,220**	13,360	19,040
Option price*	**$22.51**	$25.84	$25.58
Outstanding and exercisable, end of year:			
Shares	**231,692**	300,422	352,222
Option price*	**$22.35**	$22.05	$21.83

*Represents the weighted-average price per share on the dates options were granted.

Foreign exchange adjustments resulting from translation, transactions and forward foreign exchange contracts amounted to losses, net of taxes, of $1,519,000 in 1980, $5,045,000 in 1979 and $6,670,000 in 1978. Forward foreign exchange contracts are used to hedge foreign inventory exposures and translation exposures as defined under SFAS No. 8. The difference between translating such exposed inventories at historical versus current rates resulted in an unfavorable adjustment to cost of sales of $741,000 in 1980 and favorable adjustments of $2,900,000 and $4,700,000 in 1979 and 1978, respectively.

Income taxes—In January, 1979 the U.S. Federal statutory rate was reduced from 48% to 46%. The components of income before income tax expense and a reconciliation of the statutory rate to the reported rate follows:

(In thousands)	**1980**	1979	1978
Pretax income:			
Domestic	**$191,333**	$163,601	$180,415
Foreign	**55,963**	36,511	28,871
Total pretax income	**$247,296**	$200,112	$209,286

Income taxes	**1980 %**	1979 %	1978 %
Computed at statutory rate of pretax income	**46**	46	48
State and local income taxes, net of federal tax benefit	**3**	3	3
Other	**(1)**	1	—
As reported	**48**	50	51

The deferred income tax provision, principally U.S. Federal taxes, results from:

(In thousands)	**1980**	1979	1978
Excess of tax over book depreciation	**$9,523**	$6,687	$9,929
U.S. investment tax credit	**2,637**	430	1,755
Other, net	**(7,240)**	(3,293)	(1,733)
Total	**$4,920**	$3,824	$9,951

Notes to Financial Statements
(continued)

U.S. income and foreign withholding taxes are being provided currently on foreign subsidiaries' net earnings that are expected to be distributed to the parent company.

Over the years, the Company has indefinitely reinvested approximately $82,000,000 of foreign subsidiaries retained earnings to meet their operating and long-term needs and, accordingly, no U.S. income taxes have been provided on these amounts. If such earnings were distributed in the future, it is expected that the amount of additional U.S. income taxes required would not be significant because of the availability of foreign tax credits thereon.

Supplementary income statement information:

(In thousands)	**1980**	1979	1978
Maintenance and repairs	**$ 89,806**	$78,651	$72,791
Depreciation	**$ 45,273**	$42,263	$40,464
Taxes, other than payroll and income taxes, principally property	**$ 18,794**	$17,163	$16,268
Media advertising	**$100,716**	$96,063	$95,568
Research and development	**$ 13,166**	$11,129	$11,182

Leases—Amounts included in property, plant and equipment under capital leases as of December 31 are as follows:

(In thousands)	**1980**	1979
Buildings	**$69,058**	$69,140
Machinery and equipment	**9,352**	8,321
	78,410	77,461
Accumulated depreciation	**21,946**	20,925
Total	**$56,464**	$56,536

The major portion of capital leases relates to administrative and warehousing facilities. Future minimum payments under noncancellable leases with terms in excess of one year are:

(In thousands) Fiscal Years	Capital Leases	Operating Leases
1981	$ 8,640	$ 6,964
1982	8,128	5,488
1983	7,469	4,709
1984	6,664	3,977
1985	6,483	3,364
1986 and thereafter	128,169	20,129
Total minimum lease payments	$165,553	$44,631
Less amounts representing interest and executory costs	101,062	
Present value of minimum lease payments	$ 64,491	

Nabisco's operating leases cover facilities and equipment for warehousing, transportation, administration and manufacturing. Total rent expense for all operating leases for the years ended December 31, 1980, 1979 and 1978 was $9,319,000, $10,842,000, and $10,498,000, respectively.

Other commitments, principally for plant and equipment, approximated $17,000,000 at December 31, 1980.

Litigation—Various legal proceedings and claims are pending against the Company and certain of its subsidiaries. Although Nabisco's liability with respect to such matters cannot be ascertained at December 31, 1980, in the opinion of management and counsel of Nabisco, the ultimate liability, if any, from all pending legal proceedings and claims will not affect materially Nabisco's financial position or the results of its operations.

Capital stock—On April 28, 1980 the shareholders authorized 22,000,000 additional shares of common stock and 15,000,000 shares of preferred stock with such rights and terms of each class or series as may be determined by the Board of Directors. No shares have been issued under this authorization.

Other financial information—The following additional financial information appears elsewhere in this report:

Geographic areas and Business segments	pages 24 and 25
Quarterly financial data (unaudited)	page 26
Supplementary information on the effects of inflation (unaudited)	pages 27 through 29

Directors and Officers

Board of Directors

VAL B. DIEHL*
President and Chief
Operating Officer

KENNETH C. FOSTER*†
Former President,
The Prudential Insurance
Company of America

DR. HELEN A. GUTHRIE†
Professor of Nutrition,
Pennsylvania State
University

ROBERT W. HAACK*‡§
Director of various corporations,
former Chairman of the Board,
Lockheed Corporation

JAMES L. HAYES‡§
President and Chief Executive
Officer, American Management
Associations, Inc.

CHARLES E. HUGEL†
Executive Vice President,
American Telephone &
Telegraph Co. and Chairman
of A.T.&T. International

MORRIS L. LEVINSON
President, Associated Products,
Inc., a Nabisco subsidiary

DEAN R. McKAY‡
Senior Vice President,
International Business
Machines Corp.

WILLIAM H. MOORE*§
Director and former
Chairman of the Board,
Bankers Trust New York
Corporation and Bankers
Trust Company

DR. ALBERT REES†
President, Alfred P. Sloan
Foundation

ROBERT M. SCHAEBERLE*
Chairman of the Board and
Chief Executive Officer

WILLIAM C. TURNER‡
Chairman,
Argyle Atlantic Corporation

WILLIAM S. WOODSIDE‡
Chairman, President and
Chief Executive Officer,
American Can Company

LEE S. BICKMORE
Honorary Director

*Member of the Executive Committee
†Member of the Audit Committee
‡Member of the Compensation Committee
§Member of the Nominating Committee

Office of the Chairman

ROBERT M. SCHAEBERLE
Chairman of the Board and
Chief Executive Officer

C. RICHARD OWENS
Senior Vice President and
Chief Financial
Officer

VAL B. DIEHL
President and Chief Operating
Officer

JAMES O. WELCH, JR.
Group Vice President

WARREN J. ROBERTSON
Executive Vice President—
Administration

Group and Senior Vice Presidents

RICHARD S. CREEDON
Senior Vice President

JOHN B. McGOVERN
Senior Vice President

ROBERT J. POWELSON
Group Vice President

EDWARD P. REDDING
Group Vice President

ROBERT L. SANFORD
Senior Vice President

Vice Presidents

W. LEE ABBOTT
Corporate Communications

HARRISON M. BAINS, JR.
Treasurer

AUGUSTINE FENDROCK
Management
Information Services

RICHARD H. GAVOOR
Controller

NORMAND W. GREEN
Organization and
Management Planning

WAYNE W. GUEST
Corporate Customer Relations

WALTER S. HALLIDAY, JR.
General Counsel

CLAUDE B. HAMPTON
President, Biscuit Division

EDWARD J. MATTHEWS, JR.
Corporate Development

CARL R. PILZ
Purchasing

G. F. RANDOLPH PLASS, JR.
President, Special Products Division

HOWARD W. SNYDER
Personnel Relations

WILLIAM J. TOBIN
President, Food Services Division

CAROL S. TUTUNDGY
Investor Relations

WILLIAM H. WEBER, JR.
Secretary

Principal Operations

U.S. Foods

Atlanta, Georgia (Cookies, crackers)
Beacon, New York (Carton printing plant)
Bridgeview, Illinois (Snack foods)
Buena Park, California (Cookies, crackers, snack foods)
Buhler, Kansas (Flour mill)
Buffalo, New York (Frozen foods)
Buffalo, New York (Pet foods)
Cambridge, Massachusetts (Candy)
Carthage, Missouri (Flour mill)
Cheney, Washington (Flour mill)
Chicago, Illinois (Cookies, crackers, pretzels, toaster pastries, ice cream cones)
Danville, Illinois (Candy)
Denver, Colorado (Pet foods)
Fair Lawn, New Jersey (Cookies, crackers)
Fair Lawn, New Jersey (Research and development)
Houston, Texas (Cookies, crackers, snack foods)
Inman, Kansas (Flour mill)
Los Angeles, California (Candy)
Mansfield, Massachusetts (Chocolate, candy)
Marseilles, Illinois (Boxboard mill and carton printing plant)
Minneapolis, Minnesota (Cereals)
Morristown, Indiana (Textured vegetable protein)
Naperville, Illinois (Cereals, cake mixes)
Niagara Falls, New York (Cereals)
Oakland, California (Cereals)
Philadelphia, Pennsylvania (Cookies, crackers)
Pittsburgh, Pennsylvania (Cookies, crackers, snack foods)
Portland, Oregon (Cookies, crackers, ice cream cones)
Richmond, Virginia (Cookies, crackers, pretzels)
St. Louis, Missouri (Crackers)
Toledo, Ohio (Flour mill)
Tualatin, Oregon (Pet foods)
Woodbury, Georgia (Pimientos, dates, steamed breads, peanuts)
Wrightstown, Wisconsin (Cheese spreads)

International Foods

EUROPE

Denmark
Oxford Biscuit Fabrik, A/S (Cookies, crackers)

England
Nabisco Limited:
Nabisco Foods Division (Cereals, cake mixes)
Nabisco-Frears Biscuits Division (Cookies, crackers)

France
Biscuits Belin, S.A. (Cookies, crackers, snack foods)
International Training and Research Center (Training and research)

Italy
Saiwa, S.p.A. (Cookies, crackers, candy, snack foods)

Spain
Galletas Artiach, S.A. (Cookies, crackers)

CANADA

Christie, Brown & Company, Limited (Cookies, crackers, cereals, pet foods, flour mill)

AUSTRALIA/NEW ZEALAND

Australia
Nabisco Pty., Limited (Cookies, crackers, cereals, pasta, nuts)

New Zealand
Griffin & Sons Limited (Cookies, crackers, candy)

LATIN AMERICA

Dominican Republic
Tamara, C. Por A. (Cookies, crackers)

Nicaragua
Industrias Nabisco Cristal, S.A. (Cookies, crackers)

Puerto Rico
Arbona Hermanos Division, Nabisco International, S.A. (Cookies, crackers)

UNCONSOLIDATED INTERNATIONAL AFFILIATES

Japan
Yamazaki-Nabisco Co., Ltd. (Cookies, crackers, snack foods)

Mexico
Nabisco—Famosa, S.A. (Cookies, crackers, pasta, cake mixes)

Venezuela
Nabisco-La Favorita C.A. (Cookies, crackers)

Toiletries and Pharmaceuticals

Booneville, Arkansas (Combs, brushes)
Cranford, New Jersey (Toiletries, pharmaceuticals)
Lamco A/S, Denmark (Toiletries)
The J.B. Williams Co. S.A., France (Toiletries)
The J.B. Williams Co., Canada (Toiletries)

Household Accessories

Brooklyn, New York (Shower curtains, table cloths)
Cape May, New Jersey (Fabrics)
Clifton, New Jersey (Fabrics)
Closter, New Jersey (Fabrics)
Gardena, California (Shower curtains, table cloths)
Landers & Cia, S.A., Colombia (Housewares)

Corporate Data

Principal Exchanges
New York
Midwest
Pacific
Amsterdam
Paris

Ticker symbol: NAB

Transfer Agents
Bank of New York
90 Washington Street
New York, N.Y. 10015

The First National
Bank of Chicago
One First National Plaza
Chicago, IL 60670

Crocker National Bank
Corporate Division
P.O. Box 38005
San Francisco, CA 94138

Registrars
Bank of New York
90 Washington Street
New York, N.Y. 10015

The First National
Bank of Chicago
One First National Plaza
Chicago, IL 60670

Bank of America
Corporate Agency Division
Box 37002
San Francisco, CA 94137

Debentures Trustees
Bankers Trust Company
16 Wall Street
New York, N.Y. 10015

Morgan Guaranty
Trust Company
of New York
23 Wall Street
New York, N.Y. 10015

Auditors
Coopers & Lybrand
1251 Avenue of the Americas
New York, N.Y. 10020

Shareholder Information
Current shareholders are requested to address all questions concerning their securities or dividends, as well as requests for proxy materials, address changes, or other shareholder information, to the Secretary, Nabisco, Inc., East Hanover, N.J. 07936, or by telephone, (201) 884-0500.

Availability of Form 10-K
In the opinion of management, the Financial Statements in this Annual Report to Shareholders include substantially all financial data in the Annual Report Form 10-K filed with the Securities and Exchange Commission.

However, the Company's Annual Report Form 10-K is available on request without charge from the Investor Relations Department, Nabisco, Inc., East Hanover, N.J. 07936, or by telephone, (201) 884-0500.

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Nabisco, Inc.
East Hanover, N.J. 07936
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Here Comes Nabisco...

BUSINESS INFORMATION
CENTRE

-2 OCT 1979

...A Consumer Products Company with Sales in More than 100 Countries and a Reputation for Quality, Worldwide.



Nabisco's World Headquarters in East Hanover, New Jersey, is a unique example of modern corporate architecture. Four quadrants are grouped around a naturally lighted central core, and an open-space concept is used throughout the offices.

What we do







Today Nabisco is:

☐*One of the nation's 150 largest industrial corporations*

☐*A worldwide producer of biscuits, cookies, crackers and snack foods*

☐*An important producer of cereals, pet foods, candies, specialty food products, and household accessories*

☐*A market leader in toiletry and pharmaceutical products in many countries*

Leading the Market

Nabisco's underlying strength is based on its commitment to manufacture quality products, its outstanding marketing skills and ability to meet changing consumer needs. The result is strong consumer recognition of its trusted brand name products and growing sales. Millions of loyal shoppers have long recognized Nabisco's famous red triangle of quality and reached for *Ritz* Crackers, *Premium* Saltine Crackers, *Oreo* Creme Sandwiches, *Fig Newtons* Cakes, *Nabisco* Shredded Wheat, *Triscuit* Wafers and *Wheat Thins* Crackers, making them top sellers.

All of the company's profit centers strive to achieve a similar kind of market leadership with new items and in new markets.

For example, the Biscuit Division—the company's largest—has in recent years added such popular cookies as *Oreo* with *Double Stuf* and Apple Crisp Cookies and a series of snack crackers, including Swiss Cheese, *Chippers* and Dixies Drumstick Snack Crackers. All rapidly achieved strong market positions.

The roster of leading brand name products made and marketed by the Special Products Division begins with the *Nabisco* Shredded Wheat and *Cream of Wheat* Cereals. It also includes *Milk-Bone* Brand Dog Biscuits and Flavor Snacks and *Dromedary* dates, pimientos and cake mixes.

The Confectionery Division produces such well-known brand name candies as *Chuckles, Junior Mints* and the *Sugar Daddy* family—all leaders in their particular categories.

Emphasizing Growth and Innovation

Nabisco is taking advantage of the tremendous growth opportunity in a new market—snack foods in flexible packaging. Displayed on wire racks and located in a different section of the supermarket than cookies and crackers, this expanding line includes *Mister Salty* Pretzels, *Flings* Curls, *Chipsters* Potato Snacks, and *Korkers* Corn Twists. New products are being added to this line.

With consumers increasingly eating more meals away from home,the rapidly expanding food service industry is another exciting area of growth. Nabisco is the leading supplier of cookies and crackers to this industry, serving 500,000 food service suppliers and many vending machine operators.

Expanding Sales Overseas

Nabisco's international food sales are now about one-third of the company's total. Because expansion abroad has been built primarily through associations with existing companies which already have strong market positions for their products, these overseas companies sell products developed locally as well as traditional Nabisco products. Managed by nationals, Nabisco's international companies have individual operating and profit responsibility. They are located in Canada, the United Kingdom, Europe, Latin America, Japan, New Zealand and Australia.

In the United Kingdom, Nabisco Limited, a Nabisco subsidiary, manufactures many biscuit and cereal products, including the *Hovis* brand of crackers. Biscuits Belin of France has outstanding consumer recognition throughout Europe. *Pepito* cookies and *Feuillete* snack crackers are two products in its highly successful line. The rapidly growing Yamazaki-Nabisco of Japan has already created such successful products as *Chipstar* fabricated potato chips and *Picola,* a rolled sugar wafer.

Selling Toiletries in Many Countries

Toiletries and pharmaceuticals are part of Nabisco through its association with The J.B. Williams Company, Inc. and are now sold in many countries. Some of its products well known in the United States are *Aqua Velva, 'Lectric Shave, Geritol, Sominex, Fem Iron* and *P.V.M.,* a powdered protein weight control product. Its men's toiletries products are market leaders in France and Spain. The *Rose Milk* line also positions this operation in the growing market for women's skin-care products. *Ace* combs and brushes are other J.B. Williams' market-leading products.

Producing Household Accessories

The household accessories operation manufactures more shower curtains than anyone in the world. Knitted window curtains sold under the Everlon label are also an important business. Both of these companies are becoming increasingly important suppliers within the home furnishings industry.





Nabisco's products are sold throughout the world. Whether they are universally known crackers, such as *Ritz* Crackers, or those made especially for a national market, all reflect the company's commitment to quality.

How we do it



Nabisco's success depends upon its ability to provide retailers and consumers with:

☐*Name brand products of consistent high quality*

☐*An innovative and expanding product line*

☐*Well-packaged goods designed for optimum shelf life and convenience*

☐*Sophisticated distribution systems which guarantee fresh goods*

☐*Creative sales, marketing and advertising techniques to stimulate existing markets and develop new ones*

Controlling for Quality

Nabisco's approach is best demonstrated by the Biscuit Division. Its vertical integration allows the company to control each step from the selection of ingredients to stocking the retail shelf.

Wheat is the most important commodity that Nabisco purchases. Extensive research into characteristics of different varieties of wheat is conducted.

Because uniformity in flour is essential to achieving a constant product weight and quality, Nabisco operates its own flour mills and processes about 95% of its domestic flour needs. The new Toledo, Ohio mill is the largest soft wheat flour mill in the United States, processing over 55,000 bushels of wheat into 18 rail carloads of flour per day.

The company designs and builds much of its own baking machinery for its 12 bakeries in the U.S. and Canada, as well as for international operations. New equipment to meet the needs of increased productivity, improved baking control and multiple energy sources are a priority in the capital expenditure program. The company's newest facility in Richmond, Virginia incorporates the latest manufacturing and distribution techniques.

Every aspect of the baking process is monitored. Chemical analyses of the raw materials, the dough and the finished products are made around the clock. Production is geared to careful sales projections to assure freshness on the shelf.

Packaging designers at Nabisco aim toward consumer convenience and increased shelf life. Nabisco produces about 35% of its own cartons.





Nabisco uses advanced manufacturing technology throughout its operations, illustrated by a production line at the Richmond, Virginia bakery (far left); a curtain knitting machine at Everlon's Cape May, New Jersey factory (left); and J.B. Williams' bottling process for *Aqua Velva,* a men's toiletry product (below) in Cranford, New Jersey.

Distributing for Freshness
In distribution and marketing, as in baking, Nabisco strives to provide the freshest product possible to the consumer. The Biscuit Division controls its distribution through 180 sales branch warehouses, a sales force of 3,000—one of the largest in the food industry—and 2,000 trucks. This system, serving more than 100,000 food retail outlets, has many advantages: the time between order and delivery is generally only two days, one of the fastest in the industry; stores without warehouses can still have a constant supply of goods; retailers' inventory dollars are not tied up unnecessarily; and the consumer gets a fresher product.

The sales people design, construct, and monitor the display of Nabisco products.

Reaching the Consumer
Nabisco's brand name power is reinforced by advertising and promotions, such as coupons, refund offers and point-of-sale rebates. As an important U.S. advertiser, Nabisco must know how effective its programs are. The company has developed a sophisticated testing system to measure sales accurately by testing a very small sample of the total market.

Improving Through Research
Nabisco's manufacturing and sales efforts are backed by research centers in the U.S. and Europe. Their staffs include scientists and technicians involved in new product research, quality control, packaging research, nutrition, baking and processing technology, grain research and energy usage.

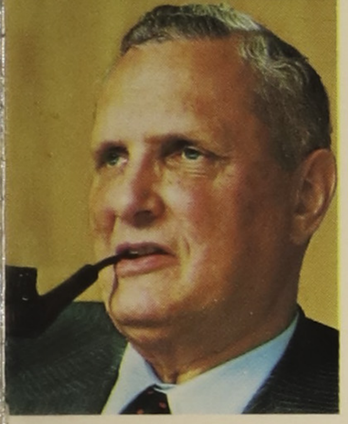
Increasing Productivity: A Company Priority
For all of Nabisco's divisions, improved productivity through the installation of new equipment, the construction of new facilities and the application of new management techniques, is a priority. Large capital expenditures in the last several years have resulted in modern manufacturing facilities worldwide, and productivity is increasing. The commitment to productivity gains and modern facilities is a continuing one and essential to meet Nabisco's promise of top quality products to its consumers at reasonable prices.

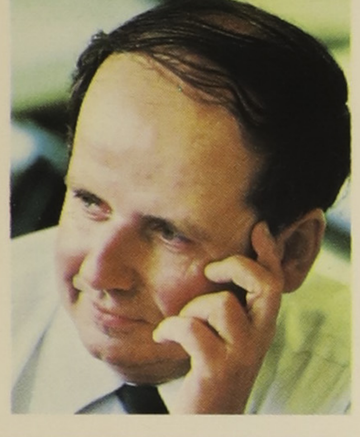




Advertising is important to a consumer products company like Nabisco. This crew (left) is shooting a television commercial for the new Vegetable Thins Snack Cracker. (Far left) Individual *Premium* Saltine packages are wrapped for vending machines and food service distribution. (Lower left) Nabisco controls its own distribution to insure a fresher product for consumers and retailers.

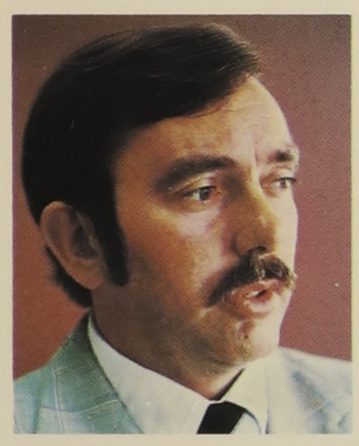
Who does it

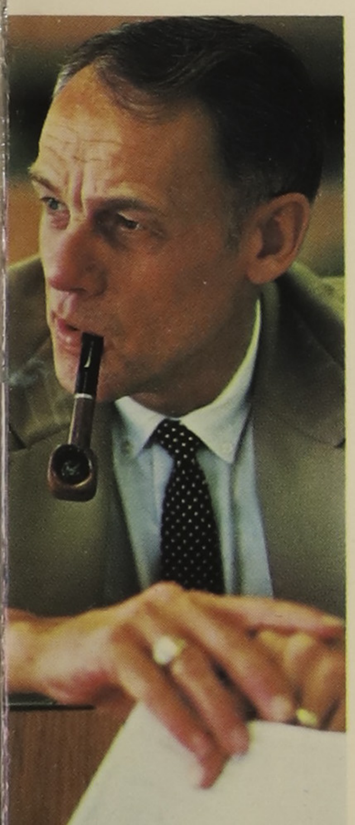


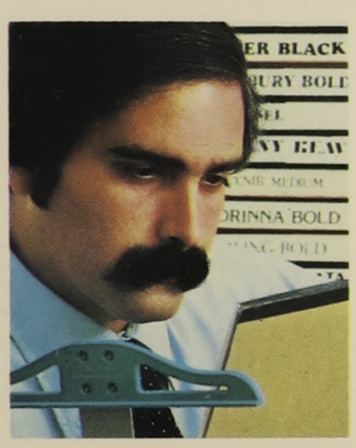














The ability of any company to produce and sell superior products depends on superior people. Nabisco is proud of its employees who have helped to build its reputation for quality and its strong and expanding market positions. They represent the most skilled persons available in their fields and are recognized as such.

To attract these people, Nabisco is committed to competitive pay and comprehensive benefit programs, as well as providing:

☐*Opportunities for career advancement*

☐*Equal employment opportunities for all persons*

☐*Job-related training to expand each employee's skills and knowledge*

☐*Programs encouraging personal growth*

☐*A safe and pleasant working environment*

Employees with Diverse Skills

Nabisco employees represent a wide diversity of skills, with professions and disciplines ranging from sales and manufacturing personnel to scientists and managers. The company employs 43,000 people at more than 80 plants and facilities in 18 countries around the world. Within the United States and Canada, there are 26,000 employees; the remainder are in the United Kingdom, Europe, Latin America, Australia, New Zealand and Japan.

Encouraging Individual Potential

From production worker to senior management, the goal of Nabisco is to help each person achieve his or her potential. To do so, the company holds training sessions in many of its facilities to encourage employees to improve and more effectively use their current skills and also to learn new ones. Outstanding performance is rewarded wherever it is found.

Both the U.S. and the overseas facilities host area and worldwide forums for particular specialties which include not only technical, marketing and professional personnel, but also production and supervisory staff. These forums have been particularly useful in communicating new and successful ideas and methods throughout the company.

A tuition reimbursement program is offered to eligible employees who are interested in continuing their job-related education in outside classrooms.

Awards are given to persons who have made useful suggestions for improving some aspect of the company's manufacturing or sales operations.

Treating All Employees Fairly

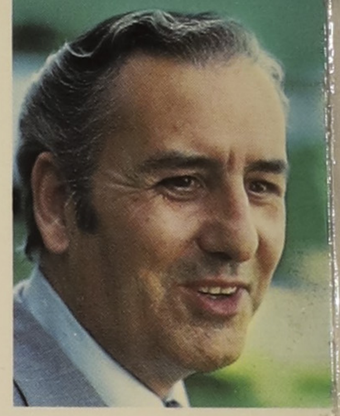
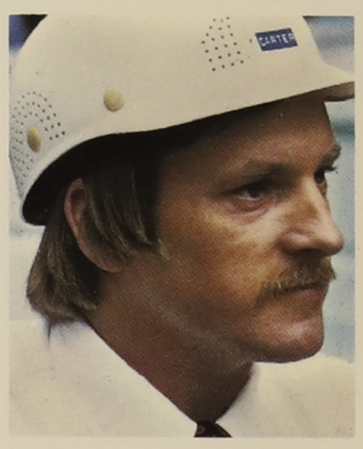
Equal opportunity for all employees and job applicants is of vital concern to Nabisco worldwide. In the past decade, the percentage of women and minorities holding management and supervisory positions has increased, and Nabisco is committed to further encouraging this trend.

The company's employee policy also underscores the treatment of all persons in an ethical and legal manner. It upholds the dignity and right of privacy of each individual and pays particular attention to the adoption of practices and programs to safeguard the health and general well-being of employees on the job.

Fair treatment of employees is not only important in Nabisco's domestic divisions, but is also implemented worldwide throughout the growing international operations. The overseas associate and subsidiary companies, which have day-to-day responsibility for their own employee relations, work within the Nabisco guidelines of dignity and equality for all workers.

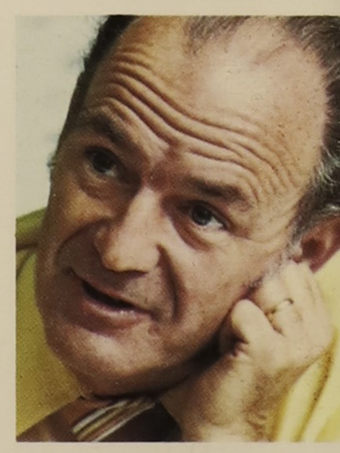
Nabisco: A Part of the Family

Many employees are the second or even third generation of their families to be part of Nabisco, and top managers have often risen through the ranks. Promotions from within are encouraged. These people represent most graphically the success of Nabisco's commitment to the growth and development of all its employees. It is a good place to work and grow.

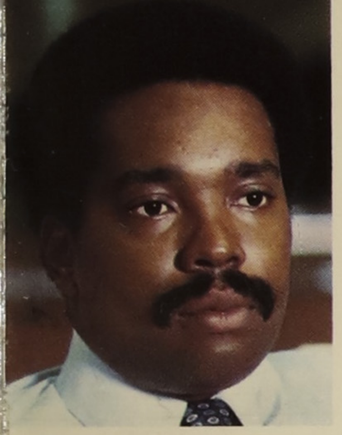






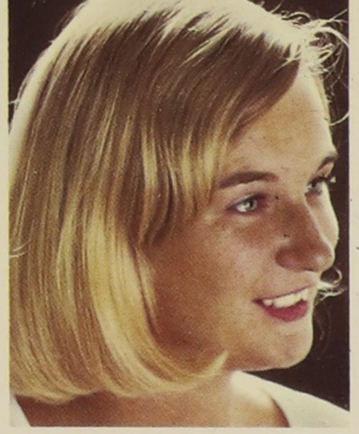


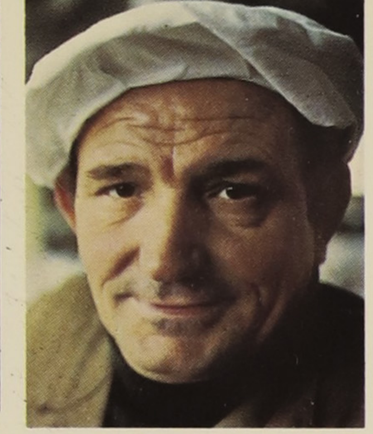


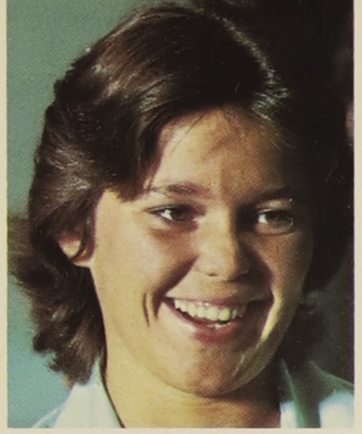


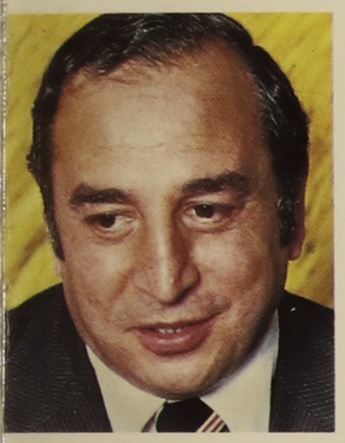


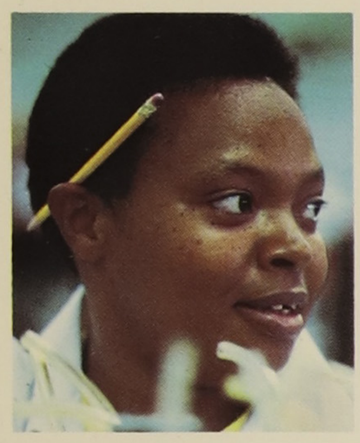








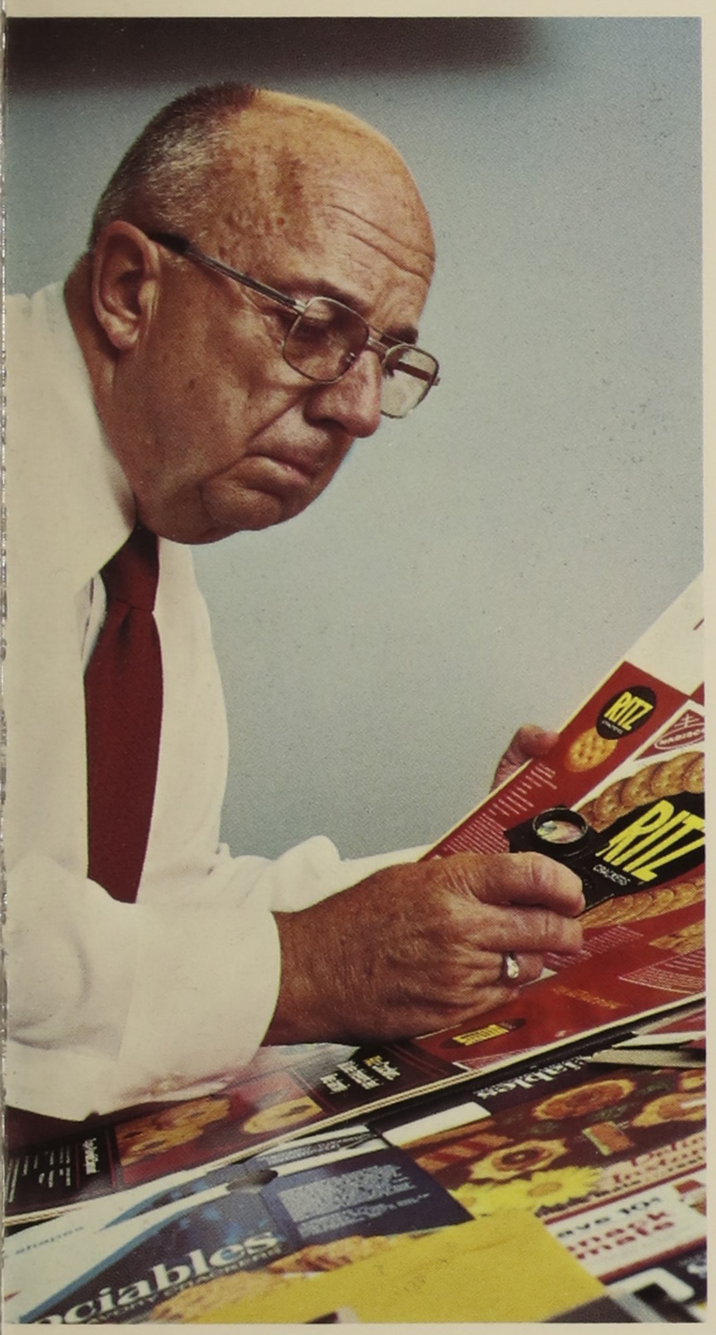











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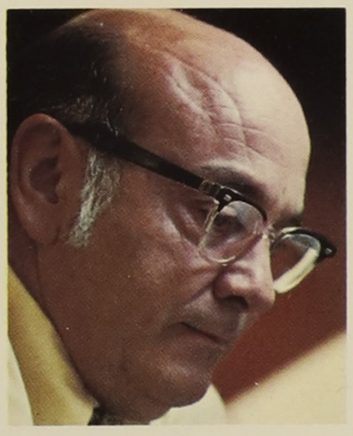







NABISCO

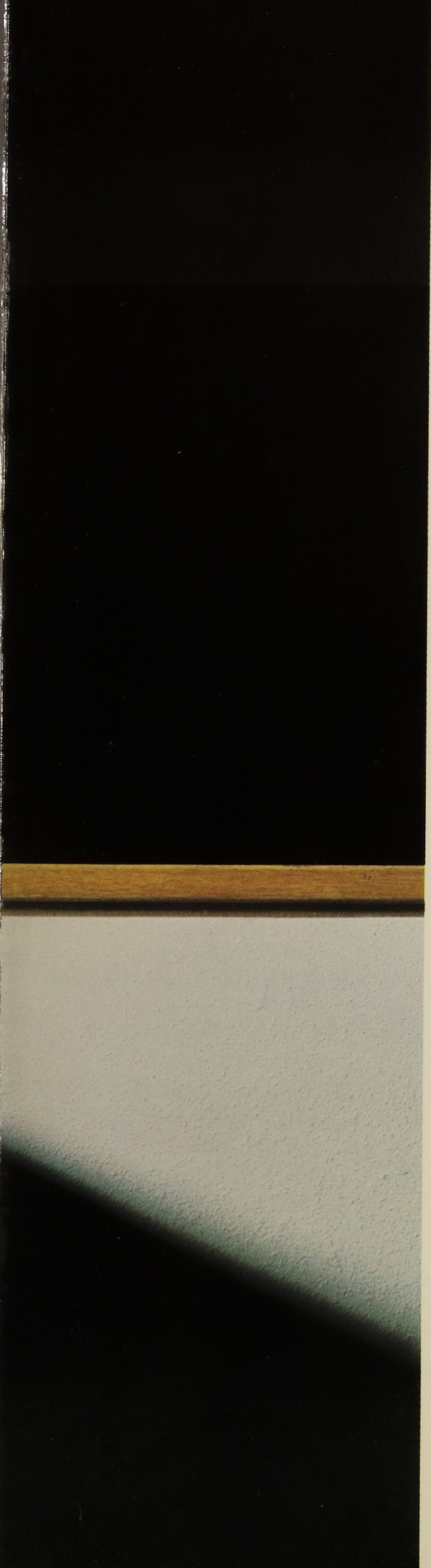






Where we're going





Nabisco is entering a period of exciting growth. Steps taken in the past several years have put us in a unique position to take full advantage of new opportunities for expansion.

Building for the Future

Sales reached $1 billion in 1971 and five years later, in 1976, reached the $2 billion mark.

Nabisco has increased its financial capabilities, improving profitability and increasing liquidity, as well as returns on investment and sales. Our management structure has been decentralized, and profit-oriented management teams, with direct responsibility for the more than 35 profit centers in the company, are now in place.

Capital expenditures have been devoted to building new facilities and equipping older ones with the most advanced production and control technology available to meet current and future manufacturing needs. Successful new products have been introduced, and moves made to enter new markets. Product research and development capabilities have been strengthened.

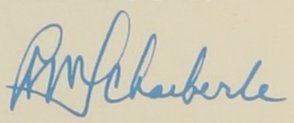
Setting Priorities

Our growth strategy is based on three specific goals: (1) the continued expansion of our existing product lines through the development of related products and the geographical extension into new markets; (2) the addition of completely new products that will open up markets in which Nabisco is not now competing; and (3) the acquisition of successful, branded consumer products and services businesses which will place Nabisco in markets where our marketing skills and financial strengths will be especially valuable.

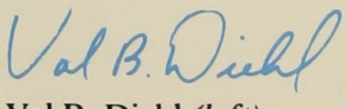
Responsibility to Our Shareholders

We are confident about Nabisco's ability to successfully develop these areas of expansion. As management, we also recognize our responsibility to our shareholders to reach for new financial goals, such as a higher return on investment and rewarding dividends. We plan to achieve financial returns that will make Nabisco one of the most attractive companies in our markets.

It is a challenging and rewarding time to be a part of Nabisco for all of us, whether we are managers, employees, shareholders or suppliers. Together, we will build a more dynamic Nabisco in the 1980's.



Robert M. Schaeberle *(right)*
Chairman of the Board and Chief Executive Officer



Val B. Diehl *(left)*
President and Chief Operating Officer

Corporate Data

For additional copies or more information about the company, write to:
Carol Tutundgy
Director, Investor Relations
Nabisco, Inc., East Hanover, N.J. 07936

Principal Exchanges
New York
Midwest
Pacific
Amsterdam
Paris

Ticker symbol: NAB

Shareholder Information
Current shareholders are requested to address all questions concerning their securities or dividends, as well as requests for proxy materials, address changes, or other shareholder information, to the Corporate Secretary, Nabisco, Inc., East Hanover, N.J. 07936, or by telephone, (201) 884-0500.

The company's Annual Report and the Annual Report Form 10-K are available on request without charge from the Director, Investor Relations, Nabisco, Inc., East Hanover, N.J. 07936, or by telephone (201) 884-0500.

Principal Operations

U.S. FOODS
Atlanta, Georgia (Cookies, crackers)
Beacon, New York (Printing plant)
Buena Park, California (Cookies, crackers, snack foods)
Buffalo, New York (Frozen foods)
Buffalo, New York (Pet foods)
Cambridge, Massachusetts (Candy)
Carthage, Missouri (Flour mill)
Cheney, Washington (Flour mill)
Chicago, Illinois (Cookies, crackers, pretzels, toaster pastries, ice cream cones)
Danville, Illinois (Candy)
Denver, Colorado (Pet foods)
Evanston, Illinois (Machine shop)
Fair Lawn, New Jersey (Cookies, crackers)
Fair Lawn, New Jersey (Research and development)
Houston, Texas (Cookies, crackers, snack foods)
Los Angeles, California (Candy)
Mansfield, Massachusetts (Chocolate, candy)
Marseilles, Illinois (Boxboard mill and printing plant)
Minneapolis, Minnesota (Cereals)
Morristown, Indiana (Textured vegetable protein)
Naperville, Illinois (Cereals, cake mixes)
Niagara Falls, New York, (Cereals)
Oakland, California (Cereals)
Philadelphia, Pennsylvania (Cookies, crackers)
Pittsburgh, Pennsylvania (Cookies, crackers, snack foods)
Portland, Oregon (Cookies, crackers, ice cream cones)
Richmond, Virginia (Cookies, crackers, pretzels)
St. Louis, Missouri (Crackers)
Toledo, Ohio (Flour mill)
Tualatin, Oregon (Pet foods)
Woodbury, Georgia (Pimientos, dates, steamed breads, peanuts)
Wrightstown, Wisconsin (Cheese spreads)

INTERNATIONAL FOODS
EUROPE
Denmark
Oxford Biscuit Fabrik, A/S (Cookies, crackers)
England
Nabisco Limited:
Nabisco Foods Division (Cereal, cake mixes)
Nabisco-Frears Biscuits Division (Cookies, crackers)
France
Biscuits Belin, S.A. (Cookies, crackers, snacks)
International Training and Research Center (Training and research)
Germany
B. Sprengel & Co. (Candy)
Italy
Saiwa, S.p.A. (Cookies, crackers, candy, snacks)
Spain
Galletas Artiach, S.A. (Cookies, crackers)
CANADA
Christie, Brown & Company, Limited (Cookies, crackers, cereal, pet foods)
AUSTRALASIA
Australia
Nabisco Pty., Limited (Cookies, crackers, cereal, pasta)
Japan
Yamazaki-Nabisco Co., Limited (Cookies, crackers, snacks)
New Zealand
Griffin & Sons Limited (Cookies, crackers, candy)
LATIN AMERICA
Dominican Republic
Tamara, C. por A. (Cookies, crackers)
Nicaragua
Industrias Nabisco Cristal, S.A. (Cookies, crackers)
Mexico
Nabisco—Famosa, S.A. (Cookies, crackers, pasta, cake mixes)
Puerto Rico
Arbona Hermanos Division, Nabisco, International, S.A. (Cookies, crackers)
Venezuela
Nabisco-La Favorita C.A. (Cookies, crackers)

TOILETRIES AND PHARMACEUTICALS
Booneville, Arkansas (Combs)
Cranford, New Jersey (Toiletries, pharmaceuticals)
Venice, California (Toiletries)
Lamco A/S, Denmark (Toiletries)
The J.B. Williams Co. S.A., France (Toiletries)
The J.B. Williams Co., Canada (Toiletries)

HOUSEHOLD ACCESSORIES
Brooklyn, New York, (Shower curtains, table cloths)
Cape May, New Jersey (Fabrics)
Closter, New Jersey (Fabrics)
Gardena, California (Shower curtains, table cloths)
Landers & Cia. S.A., Colombia (Housewares)



Nabisco, Inc., East Hanover, N.J. 07936 (201) 884-0500

Nabisco 1973-1978 Financial Highlights

ANDERSONIAN LIBRARY
UNIVERSITY OF STRATHCLYDE
GLASGOW, G1 1XQ
SCOTLAND UK

Nabisco, Inc., a worldwide consumer products company, is best known as a manufacturer of quality cookies, crackers and snack products.

The Company ranks among the nation's 150 largest industrial companies and markets its consumer products in more than 100 countries. Nabisco employs approximately 43,000 people at over 80 plants and facilities around the world.

Results for 1977

Sales in 1977 were $2.07 billion, up 5% from the prior year, and total assets amounted to $1.1 billion.

Net income was a record $2.43 per share and was achieved despite a net nonrecurring charge of $.38 per share related to the discontinuance of the Company's toy and game product line, partially offset by a gain on the termination of an overseas cookie and cracker subsidiary. After excluding nonrecurring charges and credits from both years, the gain in earnings year-to-year was about 20%.

First Nine Months of 1978

For the nine months ended September 30, 1978, net sales were a record $1.58 billion, up 5% from the same period a year earlier. Net income for the first nine months of 1978 amounted to $2.08 per share after a provision for disposition of the *Rival* Brand canned dog food business. Income from continuing operations in the 1977 first nine months was $2.29 per share, which included a nonrecurring gain of $.36 per share relating to the termination of the overseas cookie and cracker subsidiary. Income from continuing operations for the first nine months increased 11% year-to-year after excluding nonrecurring adjustments from both years.

Nabisco Products

Important brand names include *Premium* Crackers, *Ritz* Crackers, *Oreo* Cookies, *Chips Ahoy* Cookies, *Nabisco* Shredded Wheat, *Cream of Wheat* Cereals and *Dromedary* dates and pimientos. Confectionery products, such as *Chuckles* candies, and pet foods under the *Milk-Bone* label are produced by Nabisco. The Company also produces food products keyed to international tastes and local market requirements.

In the nonfood product lines, popular brands of toiletry and pharmaceutical products include *Aqua Velva, Rose Milk, Geritol* and *Sominex*. Household accessories products include *Hygiene* shower curtains and *Everlon* knitted curtains and draperies.

Corporate and Financial Goals

Nabisco expects its sales and profits to continue to set records because of three factors:

- ☐ Continued expansion of existing product lines
- ☐ Development of new products
- ☐ Entries into new businesses

Nabisco's overall financial goals in the next five-year period include:

- ☐ A minimum return on invested capital of 15%
- ☐ A 25% to 35% debt/equity ratio
- ☐ A minimum return on equity of 20%
- ☐ A minimum return on sales of 5%
- ☐ A dividend payout of 40% to 50%

The Company is paying a great deal of attention to the concerns of shareholders. It intends to achieve a return on investment for them that will make Nabisco one of the most attractive companies in its segment of the food and packaged goods industry. Nabisco has set as its objective a 10% to 12% compounded net earnings growth on an 8% to 10% compounded sales growth accompanied by a strong financial position.

Dividends

Nabisco has paid continuous quarterly dividends since 1899. Dividends were increased twice during 1978, and the common stock was split two for one in May, 1978. The indicated annual dividend rate currently in effect is $1.50 per share of common stock.

Shareholders

Shares of Nabisco common stock are widely held. There are approximately 68,000 shareholders and 32 million shares now outstanding.

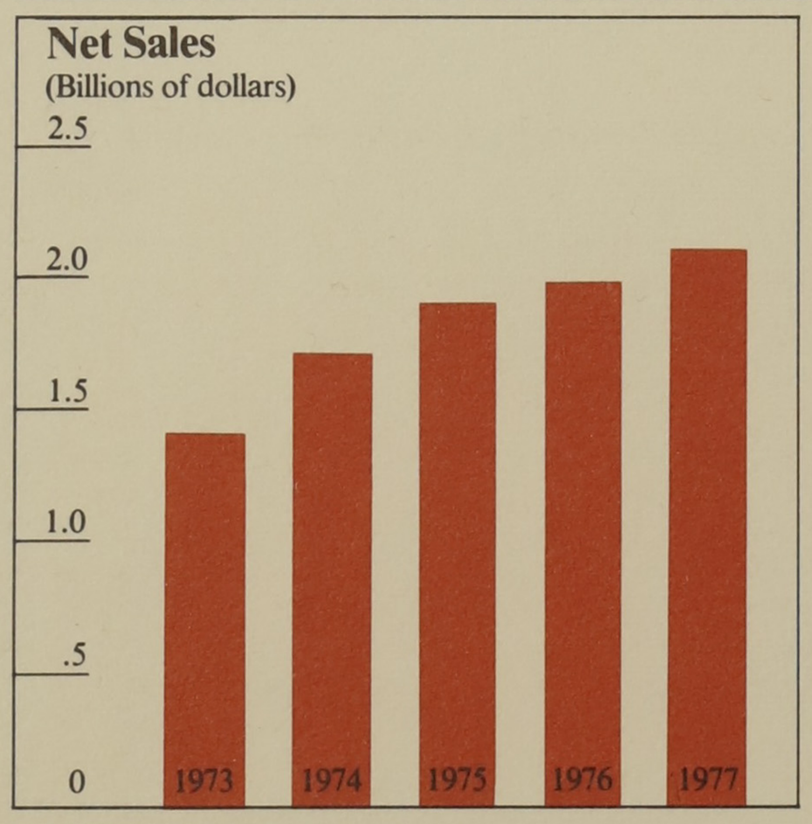
Annual Meeting Notice

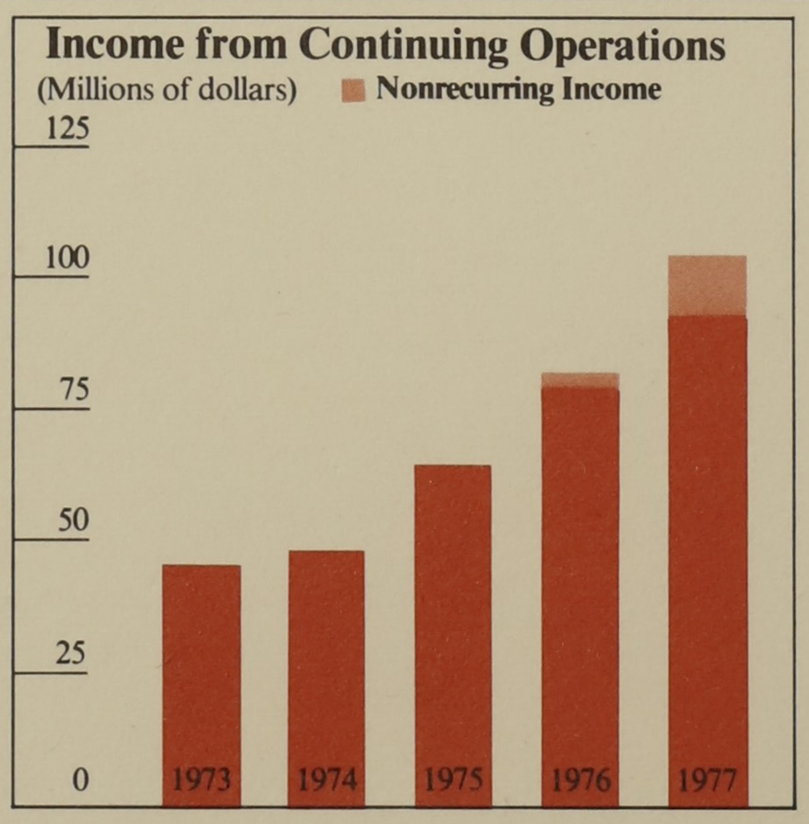
The Annual Meeting of Shareholders will be held at 2 p.m. on Monday, April 23, 1979, at the Fairmont Hotel in San Francisco, California.

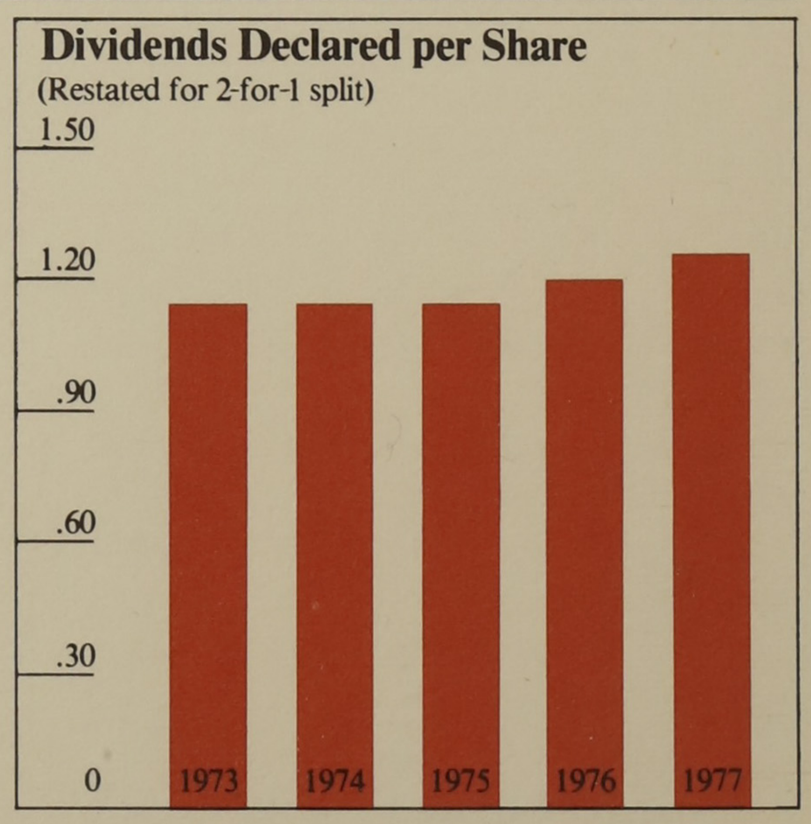
Operating Results (In millions except per share data)

Year Ended December 31	**1977**	1976	1975	1974	1973
Net sales					
United States	**$1,481.2**	$1,393.5	$1,331.9	$1,187.2	$ 951.9
Europe	**308.9**	294.1	300.1	309.1	248.8
Canada	**143.5**	143.5	137.7	112.4	98.1
Australasia	**79.9**	75.8	72.3	69.2	55.8
Latin America	**59.8**	67.0	62.9	50.9	40.1
	$2,073.3	$1,973.9	$1,904.9	$1,728.8	$1,394.7
Income from continuing operations	**$ 103.9**[(1)]	$ 82.2[(2)]	$ 63.7	$ 48.2	$ 46.3
Net income	**78.0**[(1)(3)]	77.0[(2)]	59.0	45.5	44.0
Per share					
Income from continuing operations	**3.24**[(1)]	2.57[(2)]	2.00	1.51	1.45
Net income	**2.43**[(1)(3)]	2.41[(2)]	1.85	1.43	1.38
Dividends declared per share	**1.26**	1.20	1.15	1.15	1.15
Average shares outstanding	**32.10**	31.97	31.92	31.92	31.95

(1) Includes a nonrecurring gain of $11.5 million or $.36 per share for the termination of an overseas subsidiary.
(2) Includes a nonrecurring gain of $2.0 million or $.06 per share from the sale of an interest in a cosmetics affiliate in South America.
(3) Includes a nonrecurring loss of $23.7 million or $.74 per share for the disposal of a line of business. Accordingly, amounts for the years prior to 1977 have been restated.





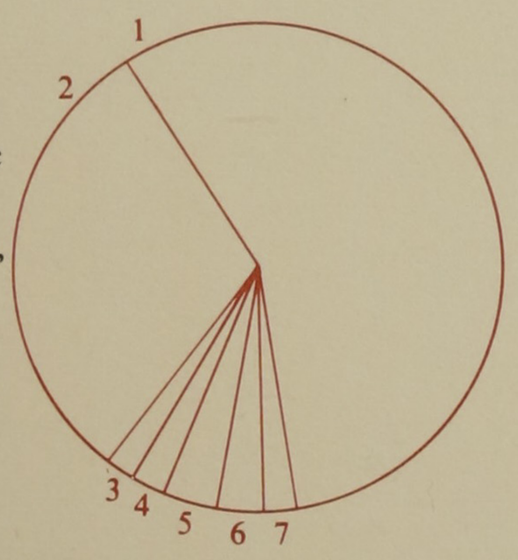


Other Financial Data (In millions except per share data)

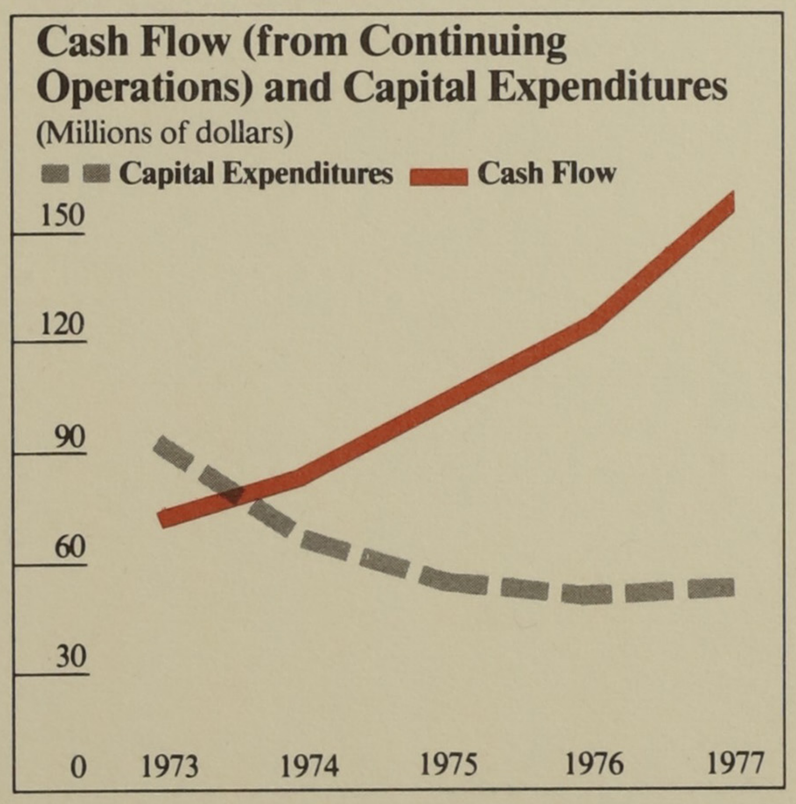
Year Ended December 31	**1977**	1976	1975	1974	1973
Working capital	**$ 287.4**	$ 235.8	$ 191.7	$ 178.3	$ 215.1
Current ratio	**2.06:1**	1.82:1	1.65:1	1.49:1	2.02:1
Total assets	**1,063.3**	1,058.5	1,014.4	1,046.9	888.5
Short-term debt	**12.4**	47.7	62.9	171.3	45.7
Long-term debt	**210.3**	218.3	225.5	226.5	241.5
Shareholders' equity	**486.7**	446.9	407.1	384.8	376.3
Shareholders' equity per share	**15.18**	13.98	12.76	12.06	11.79
Shareholders at year-end	**68,000**	71,000	72,000	73,000	71,000
Return on average shareholders' equity	**16.7%**	18.0%	14.9%	11.9%	11.8%
Long-term debt to capitalization	**30.2%**	32.8%	35.6%	37.1%	39.1%
Market value of stock					
High	**27¼**	25½	21¼	21½	30½
Low	**22⅝**	17¾	11⅛	10¾	17⅝

Distribution of 1977 Sales Dollar-Continuing Operations

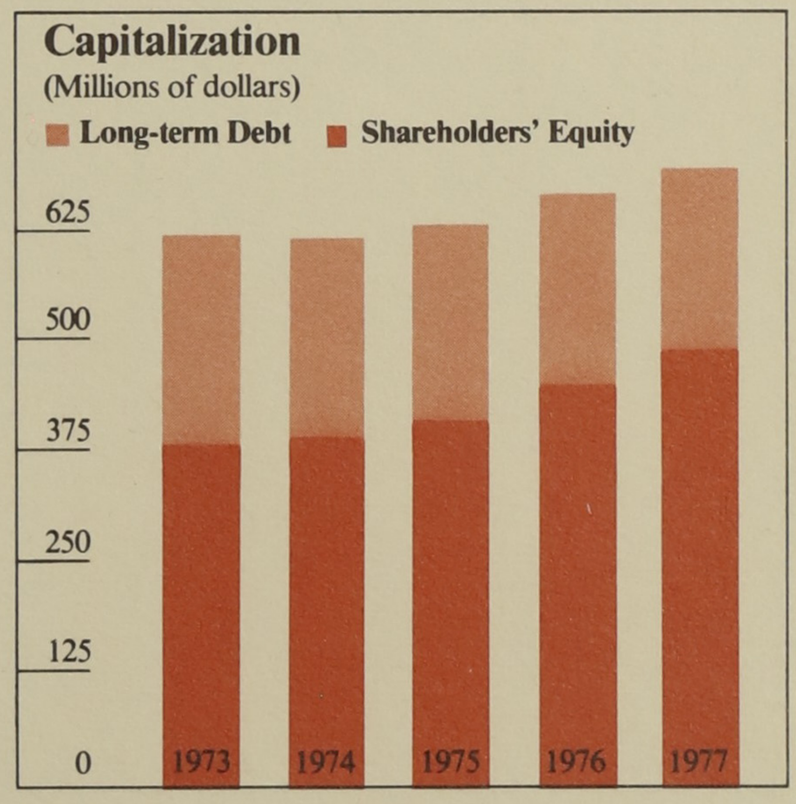
1 Supplies and services 57.3¢
2 Employees 29.9¢
3 Depreciation 1.7¢
4 Interest expense and other expense, net 2.3¢
5 Taxes 3.8¢
6 Reinvested earnings 3.1¢
7 Dividends 1.9¢



Cash Flow (from Continuing Operations) and Capital Expenditures



Capitalization



Nabisco, Inc., East Hanover, N.J. 07936 (201) 884-0500

CES slides to £3.2m

DESPITE A static second half, with profits at £3.59m against £3.61m, **Combined English Stores Group** finished the 53 weeks to January 31, 1981 behind at £3.21m pre-tax, compared with £4.01m—result included losses attributable to activities of companies disposed of during the period up from £259,000 to £931,000.

Sales expanded to £106.96m (£89.66m) and the dividend is maintained at 3.15p net per 12½p share, with an unchanged final payment of 1.66p.

The directors are confident that the action taken to eliminate loss-making activities will lead to a substantial profit improvement, and that the group will be able to take full advantage of any opportunities for expansion that may arise.

Collingwood The County Jewellers, Salisburys Handbags and Allens Chemists all produced trading profits in line with or above last year's figures, but Harry Fenton and Kendalls, the men's and ladies' wear companies, again incurred substantial losses, the directors state—a major reorganisation of Harry Fenton, including the closure of 25 branches, has been carried out which should result in a substantial reduction, at least, in the level of loss during this year.

Pre-tax figure for the 53 weeks —turned into a £245,000 loss on a CCA basis—included profit of £1.51m (£1.03m) from property disposals, and associates share of £131,000 (£267,000 loss).

Tax for the period was a credit of £311,000 against a £580,000 charge, and after minorities £113,000 (£125,000) and an extraordinary debit, up from £91,000 to £1.18m, the available balance came through at £2.23m compared with £3.22m—extraordinary item includes £992,000 written off goodwill.

Earnings per share are shown as 7p (7.27p).

● **comment**

Shares in **Combined English Stores** rose 5p to 47p on a maintained dividend and bullish chairman's statement. On a CCA basis the dividend is uncovered and it was only thanks to an acceleration in property disposals and tax credit that the dividend was covered by historic attributable earnings. Stripping out property sales, the group moved from a small interim loss to a £1.5m pre-tax profit for the year, roughly half last year's figure. Fenton, its meanswear subsidiary, loss about £1m and similar losses were jointly attributed to Youngsters and Herald, now sold. The group hopes the Fenton losses have been stemmed but it is too early to tell as it traditionally produces an interim loss and this year is no exception. Earnings in the wholesale division got a healthy boost from the newly acquired Mercado. The shares gain support from the yield of 10 per cent, rather than speedy recovery prospects with earnings of about £4m in sight next year.

£1m profit for Clive Discount

IMPROVED trading conditions enabled **Clive Discount Holdings** to bounce back into the black with a net profit of £1.03m for the year to the end of March 1981 compared with a loss last time of £4.16m.

The directors say the profit was struck after allowing for taxation, rebate and a transfer to inner reserves.

They have recommended a final dividend of 1p (nil), making a net total for the year of 1.5p against an interim payment only for the previous year of 2.12p.

This dividend policy, add the directors, is consistent with the declared intention of rebuilding resources after the heavy losses of the previous year.

After dividend payments, the retained balance was £417,000, against a loss last time of £246,000.

The directors say trading conditions showed a marked improvement last year and satisfactory progress was made. An encouraging start has also been made to the current year.

They also state that last year's successful rights issue, which raised £2m, was a significant factor in rebuilding the company's capital base.

Huntleigh expands to £1.15m

PRE-TAX profit of **Huntleigh Group** advanced in the second half of 1980 to £630,000 compared with £248,000 bringing the total to £1.15m—99 per cent up on the £577,815 for 1979.

Turnover for the 12 months increased by 35 per cent from £11.39m to £15.32m.

Mr. John Kuipers, chairman of

at £345,100 (£127,888) and there was a tax credit of £247,508 (£198 charge). After extraordinary debits of £119,745 (£26,317) and a transfer from the capital reserve of £22,523 (nil) the attributable amount came out at £1.3m (£551,300).

The retained balance was £1.1m (£409,190) and the stated

may have been looking for more than the forecast £1.1m profit for the year. The group has now produced the £1.1m profit but the shares stand at 148p and carry a breathtaking fully taxed rating of nearly 40. This year will see loss elimination of about £¼m as a result of the disposals of Setpoint and Precision Moulds

British Assets lifts

Rowntree

1980 Prelimina

Turnover	
Trading profit before depreciation	
Depreciation	
Trading Profit	
Interest	
Share of Associated Companies' Profits (N	
Profit before Taxation	
Taxation	
Minority interests and preference dividend	
Profit attributable to Ordinary Sha before Extraordinary Items	
Extraordinary items (Note 3)	
Ordinary Dividends (Note 6)	
Interim 2.5p per share (1979 2.5p)	
Proposed Final 4.75p per share (1979 4.7	
Added to Reserves	

Notes

1. The share of associated companies' profits reflects n Manufacturers Ltd.
2. The minority shareholdings in Wilson-Rowntree (Pty of £3.3m following schemes of arrangement which b
3. Extraordinary items include adjustments on the tran associated companies' extraordinary items (£0.8m).
4. Earnings per Ordinary share were 20.9p in 1980 comp items.
5. The Annual Report will contain Current Cost Accoun loss account will include the following adjustments:-

David Churchill looks at the world's leading food and drinks groups

Nabisco and Standard Brands join forces

THE PROPOSED merger of Standard Brands and Nabisco will leave the new company — to be called Nabisco Brands — in eight or ninth place among the world food and drink companies.

The merged group will have a market capitalisation of around $2bn and sales this year approaching $6bn in a broad range of products including biscuits, breakfast cereals, peanuts and snack foods, cake mixes, pet foods, coffee and tea, confectionery and beers, wines and spirits. Non-food and non-consumer activities cover toiletries proprietary pharmaceuticals and corn sweeteners and baking and other food ingredients.

International operations will account for about a third of total sales,

The exact position of the top food and drink companies in the world is complicated by not all companies breaking down their earnings according to source. However, the companies included in the accompanying tables derive more than half of their sales from food or drink.

Unilever is by a clear margin the largest food company in the world with some £5.7bn ($12.48bn) of its total external sales of £10.2bn coming from its world-wide oils, dairy, and food businesses. Animal feeds account for another £700m. Detergents account for some £1.7bn of sales.

Unilever is one of the dominant food processors in the UK, the Netherlands, and West Germany and its total sales in the EEC were £6.8bn according to its last published figures. North America accounts for slightly more than £1bn of sales, followed by the Far East with £800m and Africa with £700m.

The Swiss-based Nestle group is also firmly established in second place in the world food and drink markets. Instant drinks, mainly coffee, accounted for almost 31 per cent of its turnover last year, with dairy products earning a little more than a fifth of total sales.

Virtually all the markets for instant drinks, including the U.S. where competition has been particularly fierce, have increased volume sales over the past year. Sales of Nestle's dairy products have especially risen in Third World markets, where Nestle has come in for strong criticism from consumer lobby groups over its policy of promoting powdered milk in Third World countries. It is argued that powdered milk encourages mothers not to breast-feed and thus leads to higher infant mortality rates.

In total, nearly 47 per cent of Nestle's turnover comes from Europe, 19 per cent from North America and nearly 16 per cent from Latin America and the Caribbean.

The largest U.S. food company is Dart and Kraft, although about 30 per cent of the company's sales come f non-food areas. Dart, which duces Tupperware kit equipment and Dur batteries, merged with K last autumn.

Beatrice Foods, the sec largest U.S. food company, has some 27 per cent of its s from non-food areas, ma manufactured and chemical ducts. However, the bulk of sales come from dairy and drinks activities, with such known trade names in the as Dannon yogurts and 7-Up drinks.

Beatrice is also involved speciality meats, confection and snack-foods, and agric tural products.

According to food indus analysts, the long-term trend both Europe and the U.S. is wards greater concentration food companies. This is beca in the mature food markets the West, the overall volu growth for food has become tually static, which theref encourages rationalisation processing facilities.

The other major trend, h ever, is towards expansion the less developed mark either directly by exports or setting up local product plant.

TOP 10 U.S. FOOD AND DRINK COMPANIES 1980

	Activity	Sales $bn
Dart & Kraft	Dairy, foods	9.4
Beatrice Foods	Foods, soft drinks	8.3
General Foods (incl. Oscar Mayer)	Foods, soft drinks	7.7
PepsiCo	Soft drinks, snacks	6.0
Coca-Cola	Soft drinks	5.9
Standard Brands/ Nabisco	Biscuits, snacks, confectionery, oils	5.7
Consolidated Foods	Foods	5.3
Ralston Purina	Animal feeds	4.9
Greyhound Corporation	Meat	4.8
Borden	Dairy, foods	4.6

TOP 10 EUROPEAN FOOD AND DRINK COMPANIES 1980

	Country	Activity	Sales $bn
Unilever	UK/Netherlands W. Germany	Food	22.2
Nestle	Switzerland	Food, coffee	10.9
Grand Metropolitan	UK	Dairy, beer, spirits	5.7
Allied Breweries	UK	Food, drinks	4.8
Associated British Foods	UK	Milling, baking, foods	4.6
Imperial Group (excl. tobacco)	UK	Food, beer	3.7
BSN Gervais-Danone	France	Dairy, beer, soft drinks	3.5
Ranks Hovis McDougall	UK	Milling, baking, foods	3.3
Tate & Lyle	UK	Sugar, starch	3.1
Bass	UK	Beer, soft drinks	2.8

Companies included have more than half total sales from food or drink. U.S. brewers not included. Figures based on last published accounts.

Source: Financial Times/World Food Report